independence to Namiba

and the withdrawl of for-

eign troops from Angola.

Dr Chester Crocker, the US Assistant Secretary of

state for african Affairs who is chairman of the talks, was attempting to

between the two sides.

Shuttle blow

hours due to technical problems which halted

engine ignition. It was the

Japanese-US award

The US House of Represen-

approve legislation giving

\$20,000 each to thousands

of Japanese Americans

Beirut explosion

An explosion ripped

through a Syrian Army

checkpoint in Moslem West

Beirut; wounding four Syr-

police and security sources:

ian soldiers seriously,

Write back to work

US TV scriptwriters said

autumn season of pro-

Guild of America leaders

ment to end a 22-week old

Kabui biast kilis 3

were wounded when a

market, Tass said:

truck packed with explo-

sives exploded in a Kabul

Yugoslav prices rise

Yugoslavia introduced the

second phase of its auster-

ity programme by allowing

electricity prices to rise 40

by 70 per cent and cooking

per cent, transport fares

oil prices by 66 per cent.

Athens signs pact

Greece ratified the Euro-

pean convention against

terrorism which is now

recognised by all but two of the 21 Council of Europe

Tamif 'drug ring'

Italian police seized 10kg

of heroin worth some \$7m

and said they had uncov-

ered part of a drugs net-

work raising money for

Tamil guerrillas in Sri

Mandela discialmer

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Africa said that US busi-

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strike by its 9,000 members.

Three people died and nine

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FINANCIALTIMES

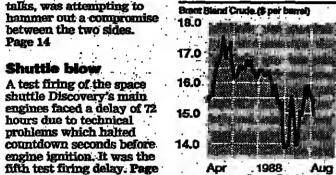
Friday August 5 1988

World News Business Summary Geneva talks Mecca group on Southern in hostile Africa to run bid for fourth day **Pieasurama**

MECCA Leisure, the UK bingo holiday camps and nightchubs The Geneva talks on South nontay camps and nightchibs group, yesterday launched a hostile takeover hid for Pleasurania, a much larger British leisure company. The share-only offer values the bigger company at £588m (\$1,005m), nearly three times Mecca's own market capitalisation.

Page 15 West Africa have been extended into an unscheduled fourth day as delegates, reporting some prog-ress, considered counter-proposals by Cuba to South Africa's suggested timetable for ceding full

> OIL prices were marked down sharply after a one-day meet-ing of the price committee of the Organisation of Petroleum



Exporting Countries in Geneva. There was no reassur-ance that Opec overproduction would soon end. Page 30

MARISA Bellisario, head of Italiel, the state owned tele communications group, and Italy's best-known businesswoman, died at her home in Turin. She was in her early fifties. Page 14

EASTERN Airlines, one of the two main operating subsidiaries of Texas Air, the biggest US passenger carrier, has been temporarily barred from implementing big cuts in its operations and sacking 4,000 of its employee. of its employees. Page 15

WIDER PROFIT margins and a buoyant economy helped Akzo achieve record secondquarter earnings and prompted the Dutch chemicals and fibre work by next week on an group to raise its full-year prof-

> TI GROUP, the restructured UK engineering group, approunced a 60 per cent increase in pre-tax profits from £25.1m to £40.1m for the half year to June 30. Page 15

CONSOB, the Italian stock exchange regulatory agency, paved the way for the comple-tion of Mr Raul Gardini's con-troversial restructuring of his Ferruzzi and Montedison groups by approving the pro-spectus for a public quotation of Ferruzzi Finanziaria. Page

PHILIPS, the Dutch electronics company, is planning an assault on the European per-sonal computer market. according to one of its executives, Page 17

INDEPENDENT Newspapers, New Zealand's largest newspa-per group which is 40 per cent owned by Mr Rupert Mur-doch's News Corporation, has been given government approval to buy the Auckland newspaper interests owned by NZ News. Page 17

BERGEN BANK, one of Norway's top three banks, is to merge the recently acquired Nevi, Scandinavia's largest financing company, with its own finance offshoot, Fahin, and to make a 20 per cent staff reduction. Page 17

ASAHI Breweries surged into second place among Japan's top brewers in the first half A spokesman for the family of the year due to the extraor-dinary success of its new dry African National Congress leader imprisoned in South beer. Page 21

FRENCH Treasury sold FF17.48bm of government bonds in a beavily oversubscribed auction. Page 18

STOCK INDICES

New York: Dow Jones Ind. Av. 2,126.80 (-7.47) S&P Comp 272.01 (-97)

London: FT-SE 100 1,889.7 (+4.6)

129.53 (Wed)

World

New US trade bill raises fears in Asia and Europe

By Stefan Wagstyl in Tokyo and Peter Montagnon in London



JAPAN will consider protesting to the General Agreement on Tariffs and Trade if measures contained in tough new US trade legislation are used against it, Mr Hajime Tamura, Trade Minister warned yesterday.
He was speaking after the trade bill was passed by 85 votes to 11 by the US Senate,

paving the way for signature by President Ronald Reagan. The Senate vote provoked widespread expressions of concern in Asia and Europe where governments are concerned at the powers the legislation will conter on the Administration to use sanctions to force open foreign markets to US exports.

Japan fears its large trade

surplus with the US means it them Mr Joichi Aci, president will be singled out for action under the bill. However, Mr Tamura's reaction was more muted than in April when he described an earlier version of the legislation as racist and

That bill was vetoed hy President Reagan because of a pro-vision requiring business to give advanced notice of layoffs

at larger factories.

"While this bill is not perfect no bill 1,128 pages in length ever is on balance it will strengthen America's international competitiveness," President Reagan said.

Japanese husiness leaders issued statements of regret and

issued statements of regret and concern yesterday, among

of Toshiba, the electronics group, which has been singled out for punishment in the bill because a subsidiary illegally sold sensitive technology to the Soviet Union. It faces a three-year ban on US govern-

ment procurement sales.

Mr Aoi said the parent company was not directly involved in the sale and did not violate US law, but if the sanctions were implemented "Toshiha will have to decide measures against any loss in profits in the US."

A Finance Ministry spokes-man in Tokyo, meanwhile, said he did not expect Japanese securities firms to be affected by a clause in the bill render-

UNITED NATIONS Security

Council members and the UN

Secretary-General were yester-day considering an urgent Ira-nian request for the dispatch of

a team of medical experts to investigate Tehran's allegation

that Iraq had mounted yet

another poison gas attack on a

village in north-west Iran this week.

Mr Ali Akbar Velayati, the

Iranian Foreign Minister,

reported the alleged attack - which if Iran's claims are

- which if Iran's claims are correct came less than 24 hours after a UN report criticised frag for stepping up its use of chemical weapons - to the President of the Security Council, Amhassador Li Luye of China, on Wednesday night. He was due to see Mr Javier Perez de Cuellar, the Secretary-General, last night, Western diplomats yesterday expressed serious concern

Iraq's reported "more frequent

and intense" use of chemical weapons, it might be reluctant to take precipitate action

against Iraq for fear of derailing the peace effort.

have repeatedly stressed in recent days the need to give

Iraq the opportunity to make a

dignified retreat from its entrenched position on the war, which calls for direct

talks with Iran prior to a cease-

Iranian complaints to the UN

on Iraqi use of chemical weap-ons have frequently, although

fire.

Western representatives

Iranians ask UN

'Iraq gas attack'

By Andrew Gowers, Middle East Editor, in New York

to investigate

ing foreign firms ineligible to be designated primary dealers in US government securities unless US firms had reciprocal access to their home country markets.

Japan already provides the same opportunity to foreign financial institutions as to domestic ones, he said.

The European Commissions in Brussels said it would make no comment on the bill before a statement expected within the next few days. EC officials have warned that they would seek redress under the Gatt if the bill violated their rights under existing rules on inter-national trade. Asians more sad than angry,

by no means always, been veri

fied. Yesterday, an Iraqi mili-

tary spokesman denied the Ira-

nian claim, saying that Iran was trying "to find justifica-tions to continue its policy of

aggression and to put difficul-ties before the implementation

of the Security Council resolu-

tion (598, calling for an end to hostilities) in letter and spirit."

to the Secretary-General that 1,031 civilians, mostly women and children, were injured when Iraq bombarded the West Azerbaijan town of Oshnavi-

yeh in the early hours of Tues-day morning. This would make the incident the worst Iraqi chemical attack involving civil-

ians since its bombardment of

the Iraqi Kurdish town of Hal-abja in March.

"Immediate and serious mea-

gian tanker in the Gulf, the

first since Iran accepted resolu-

tion 598 nearly three weeks

ago. The 284,502-tonne tanker

Berge Lord was raked with machine-gun fire 25 miles off Dubai after refusing a request

from the gunboats to stop and

The attack was, however, described as "very minor," and diplomats at the UN said was

unlikely to affect the ceasefire

were yesterday surrounded by a near-total news blackout.

The negotiations themselves

be searched.

Mr Velayati said in a letter

Less Marx and more Mickey Mouse for Hungary

Leslie Colitt in Berlin

REFORM-MINDED Rungary, where McDonalds hamburgers are selling like hot goulash, may soon move a bit further away from Marx and closer to Mickey Mouse hy setting no Eastern Europe's first Disney-

Mr Karoly Grosz, the Hun-garian leader, returned last week from a visit to the fabled Los Angeles playground as an

Los Angeles playground as an enthusiastic supporter of plans to huild Europe's second Disneyland in Budapest. The first is to be built outside Paris.

A Disneyland vice-president is to visit Budapest next month to hold further discussions on the project. Mr Grosz said Hungary had put the suggestion to Disneyland executives that part of the Budapest Disneyland be built before the opening in 1995 of a proposed Budapest-Vienna world's fair.

Afterwards the Disneyland Afterwards the Disneyland

could be expanded to occupy the site of the fair. A decision on whether the joint world's fair is to be held will be taken next February. The Hungarian Disneyland

 it would be only the third outside the US after Tokyo and Paris – would fit neatly into Hungary's plans to greatly expand tourism. Income from Western tourists this year is running 40 per cent above last year's \$550m, according to Mr Miklos Nemeth, the Central Committee secretary responsible for the economy.

Tourism is one of the few

sectors of the Hungarian economy which can be of direct help in repaying Hungary's gross deht to Western credi-tors of \$18bn. Mr Nemeth said recently that annual earnings from tourism would be boosted to \$800m or even \$1hm.

What really enthuses Mr Grosz, however, is not so much the tourist revenue as input of knowhow in advanced electronics that a Magyar Dis-beyland would bring. Electronics, he noted in a

sures by the UN in general and the Security Council in partic-ular are imperative so as to prevent any future acts by the iraqi regime," Mr Velayati recent interview with Hungarwrote. Yesterday also saw a small ian Radio, were needed at Disneyland so that the "crocodile opens its month and winks shooting incident involving Iranian gunboats and a Norwewhen the boat goes there and the elephant starts to shrick like a pig."

The possibility of Hungary gaining such electronics exper-tise, he said, "is what excited

Bnt Disneyland executives will be closely studying the potential number of Europeans - East and West - who would be attracted to a Disneyland in Budapest. Profits in Hungarian forints from the entertainment park would presumably be exchanged into dollars and repatriated as with Continued on Page 14

Japanese Trade Minister Hailme Tamura: warning US warns EC against protectionism after 1992 single market

THE US warned yesterday that the European Community could provoke retaliation if the planned single European market in 1992 led to an intensification of protectionism.

At the same time the US made it clear it fully supported European steps to remove internal harriers to trade.

internal barriers to trade.
In one of the first top-level
US policy statements on a unified EC market, Mr Peter McPherson, US Treasury Deputy Secretary, said it would not only give opportunities to Europeans hut also present challenges to the rest of the world

"If barriers against foreign-owned firms are raised in the context of completing the internal market...the EC will undermine support in the US and elsewhere for multilateral efforts towards a more open international financial and trading system," he said.
"Indeed the intensification of

protectionism in Europe would certainly evoke a response from the US Government." Mr McPherson told the Institute of International Econom-

a solution that meets the demands of the more protec-tionist members. This could result in new and greater dis-crimination against US exports and against US corporations in Europe" covering mergers and acquisitions, government pro-curement and local content requirements.

He expressed concern that with Europe focusing inten-sively on the elimination of internal barriers to trade and investment, EC member states might be less willing to liberalise external harriers in the Uruguay round of multilateral trade talks. It might also have the effect of diminishing the commitment of EC govern-ments to the Uruguay Round. In addition he warned that, particularly in banking and financial services, EC Commis-

sion proposals that "reciprocity" should be the standard for judging the terms on which non-EC members should have access to the unified market "would undermine the princi-ple of national treatment and

the decades-long effort...to liberalise capital movements."

The concept of "reciprocity"
is that foreign companies
would be limited in their freedom to conduct business in the dom to conduct business in the domestic market, to the same extent that domestic concerns are restricted in the foreign companies' home market. Thus if, for example, US securities laws prevent a European bank from conducting securities. from conducting securities business in the US, then US companies would not be permitted to conduct securities business in the EC. Washing-ton wants the principle of expressed serious concern about the latest Iranian claim, which appeared to cast further gloom over the current UN talks on ending the Gulf war. They said, however, that although the Security Council was aware of the need to be national treatment - that foreign banks should be governed by the same rules as domestic banks, for example — to be the standard.

In an interview before the speech, Mr McPherson although the Security Council stressed, however, that the US was aware of the need to be seen to do something about been to do something about

Charges in \$150m fraud case

By William Dullforce in Geneva and George Graham in Paris MR ANDREW Chapman, a

Briton, and Mrs Simone Davies, a Swiss, were charged in a Geneva court yesterday in a fraud case involving some \$150m in investors' money and an alleged manipulation of share prices on the US over-the-counter market ...

Mrs Davies, have been arrested and charged in France. The Swiss authorities say two peo-ple are being held in West Ger-

Mr Chapman, 32, and Mrs Davies, 41, were remanded in custody for three months after

a hearing held behind closed doors. Mr Chapman has denied the charges against him, stat-ing that he was not aware of illegal activities in the companies with which he was associated, one of his lawyers said. Thousands of clients from

several European countries and further affeld placed money for investment in OTC companies managed by the two. The investors allegedly received no share certificates and some who tried were unable to reclaim their money. The companies managed by Mr Chapman and Mrs Davies

were part of a much larger net work. Among those arrested in France is Mr Thomas Quinn, 50, an American, whom Mr aurent Kasper-Ansermet, the examining magistrate in Geneva, believes to be the key figure behind the network. The six held by the French have been charged with fraud and unanthorised dealing in securities. Mr Kasper-Anser met said he was seeking the extradition of three of them,

including Mr Quinn and Mr Davies. Others arrested in France are Mr Garry-William Read, 45, Continued on Page 14

Six men, including Mr Carl Davies, the British husband of stocks with Swiss-registered

Insurance group chief resigns

By Nick Bunker in London

MR Ronnie Ben-Zur, the young Israeli businessman who tried to carve out an insurance broking empire in London, has suddenly resigned as chief executive of his company, PWS Holdings, after taking responsibility for a disastrous acquisition in California. tion in California.

The group's shares fell sharply to close down 51p at 154p last night on news that it planned to make a \$4m (\$6.8m) provision in its profit-and-loss account against the entire cost of its investment in Glenn. Nyhan & Associates (GNA), a privately-owned San Francisco insurance broker which it bought in February. PWS now plans to seek legal remedies to recover its money. Mr Ben-Zur achieved fame in

October 1986, when PWS

The single market may mean

growth with an andacious but unsuccessful bid for a much larger Lloyd's rival, C. E. Like other brokers, however,

PWS has encountered harsh trading conditions, with interim pre-tax profits halved from £4.51m to £2.24m in the six months to March 31. There was speculation yes-terday that it will now be taken over. However, 42.5 per cent of its shares are owned by Opticford which is owned in turn by Tal Holdings, a Cayman lalands company 78 per cent controlled by trusts on behalf of the Ben-Zur family, and Mr. Mr. Ben-Zur family, and Mr. Mr. Ben-Zur mether

led by Mr Ben-Zur's mother
Mr Brian Sounes, acting
PWS chief executive, said: "I
am sure they will hold a family

its wake ...

conclave. But they are not going to do anything that would worsen the situation." Former colleagues said Mr Ben-Zur left for Tel Aviv yesterday, following a board meet-ing on Wednesday. He offered his resignation after reporting on the full extent of problems at GNA. His offer was accepted by a majority of directors five hours later.

During the board meeting it was decided to instruct Freshfields, the company's solicitors, to start taking legal steps to recover PWS's investment.

PWS would not comment on the detailed reasons for the losses at GNA which provides liability insurance broking services to hospitals and the medical profession in the US. Background, Page 20

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MARKETS

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OEL Brent 15-day (Argus) \$ 14.45 (-50.5)

abandoning the German dream

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Companies ... World Trade :

Mr Egon Bahr, chief strategist of the West German Social Democratic party, says the integration of the EC undermines once and for all the Federal Republic'e dream of reunification with East Germany

Agriculture Arts-Reviews World Guide ... Commonti

d'état in a former desert kingdom **US plantmakers:** Metallurgical suppliers face up to their problems .. Financial Futures ... International bonds -31.34 -Wall Street Letters Lombard ... Unit Trusts

New Caledonia: Matignon accord brings aur-

Thalland: Economic boom hrings problems in

Management: Imperial Tobacco Industries

Technology: Office automation: British Tele-

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Burkina Faso: Revolution, intrigue and a coup

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gets the Hanson treatment

End of an era in Singapore ...

West German capital exports soar

By David Goodhart in Bonn

NET capital exports from West Germany for the first six months of 1988 have soared to a record DM50.5bn (£16bn), a record DM50.5bn (£16bn), more than twice the total for 1987, according to Bundesbank figures released yesterday. The data will fuel the anx-ious debate about the country's declining attractiveness as a production centre. But the negative balance in direct investment is insignificant compared with the jump in German buying of foreign securities.

Long-term investment overseas - direct investment, for-eign securities and bank lending - rose to DM45.5bn over the half year (DM61.9bn for the whole of 1987) and instead of the usual offsetting effect of capital imports (DM37.2bn for 1987), foreign investors in Ger-

many withdrew inst over DM5bn in the first six months.
Although these figures follow a recent trend, caused by the combination of high domestic saving and low domestic investment, capital export has been especially boosted this year by last October's announcement of a 10 per cent investment income withholding tax to be imposed next January. Capital export may subsequently ramain at a higher level but the surge will not be repeated.

The tax is avoidable in several other countries, which explains wby investment in foreign honds (including D-Mark-denominated foreign bonds) rose to DM27.4bn for the half year. It also explains why a D-Mark bond issue costs

the Bonn Government more than the Soviet Government.
Several analysts believe the sharp neward trend in exports also reflects the view that the DM has ceased appreciating, thus making the higher interest yield in other currencies. est yield in other currencies

more attractive.
Dr Ernst Moritz Lipp, chief economist of Dresdner Bank, stressed that while low domestic investment meant Germany had to export capital, the emphasis was shifting from short-term lending by banks to long-term transactions by indi-viduals and companies. The trend on direct invest-

ment by companies is also a negative one but the picture is rather more blurred. In 1987 there was a decline of DM1bn in foreign direct investment in

Germany down to DM2bn, which is roughly where it stood in 1985 too. There has however been no sharp fall-off since the beginning of the

And the steady rise in German direct investment abroad since 1984, which partly reflects efforts by German companies to increase interna-tional market share, actually faltered in 1987. According to the Bundesbank, the rise in 1985 was due to reinvested profits and that in 1986 to sev-

eral big acquisitions.

But having hit a peak of DM19.5bn in 1986, direct investment abroad alipped to DM15.1bn in 1987, and in the first six months of 1988 it was leven than last year at lower than last year at

Swedish Premier defends Palme inquiry

By Sara Webb in Stockholm

SWEDEN'S Prime Minister yesterday justified a private investigation into the murder of his predecessor, Mr Olof Palme, on the grounds that serious allegations over who was behind the murder had come to light in recent

Mr Ingvar Carlsson told the

all-party constitutional com-mission investigating the Government's role that there was "serious criticism" of the Swedish security service for not acting upon signs that the Prime Minister would be murdered. "It was important to see if these were true or not."

Both the Prime Minister and

Mrs Anna-Greta Leijon, the resigned over the scandal in June and was also questioned yesterday) denied that the Social Democratic Party had Social Democratic Party and launched a campaign against the Security service (Sāpo) as a result of lack of confidence in the organisation.

Mrs Leijon repeatedly admitted that she was wrong to have written a letter of recommendation to the British intelligence service, asking them to provide information for Mr Ebbe Carlsson, a publishing friend who had approached her with information about a possible cover-up in Sāpo.

Political fallout of a private affair

Our Stockholm Correspondent on the 'Ebbe Carlsson' scandal

MR INGVAR CARLSSON, the Swedish Premier faces the most serious law and justice scandal of his political career. Only six weeks before the genelection, many in the Social Democratic Party pri-vately fear the scandal could help tip the delicate balance of power, allowing a non-Socialist majority in Parliament.

The "Ebbe Carlsson affair," as it has been dnbbed, not only casts doubt upon the soundness of Mr Ingvar Carlsson's judgement in trusting his Justice Minister to sanction a private investigation into the murder of the late Prime Minister Olof Palme, but has led to dissent within the ranks of the ruling Social Democratic Party. It has brought into the open the long-standing and damag-ing feud hetween Sweden's security police (Sapo) and members of the Government. The scandal erupted in June

when it transpired that Mrs Anna-Greta Leijon, the former Justice Minister, anthorised a private investigation into the murder of Palme, who was shot on an open street in February 1986.

The private investigation was conducted behind the backs of police working on the official Palme murder hunt,

IF THE Soviet harvest looks

good this year, it is no thanks to Josef Stalin. The great dicta-tor, the subject of a lengthy

and fiercely critical television

documentary on his war lead-ership earlier this week, is now

blamed not just for bad man-

agement of collective farms,

but for implementing the idea

The collectivisation drive, from 1929 to 1933, resulted in

the death of millions of peas-

ants from starvation and the

deportation to labour camps of

millions more. And, says Mr

Vladimir Tikhonov in the cur-

rent edition of Literaturnaya produce more.

Fresh attack on Stalin

over farm collectivisation

but with the full knowledge of Mr Nils-Erik Ahmansson, the National Police Chief.

It was led by Mr Ebbe Carls-son, a book-publisher with close party ties and a friend of Mrs Leijon and of Mr Hans Holmer, the former Police Chief who resigned from the Palme investigation in early 1987 after single-mindedly pur-suing the theory that the Kurdish Workers' Party (PKK) was behind the murder

The charismatic Mr Ebbe Carlsson (who had no direct experience of solving murders, but a hovish fascination with police matters) planned to set up a secret operation room and tap telephone conversations between suspected PKK members in Sweden.

He said he wanted to investi-gate the PKK theory and look at whether there had been a cover-up in Sapo. He was given complete access to secret infor-mation (despite warnings from the Prosecutor that this was a breach of secrecy) and a letter of recommendation from Mrs Leijon to the British intelligence service asking for any information bearing on the assassination. Mrs Leijon was forced to resign over the scan-

dal in early June. Since then, prominent Social

Gazeta, it did not even work.

"Alienated from his own land, deprived of any say in

what was done with the prod-

uct of his own hands, he was converted from someone who

was his own master into some-

ona who simply carried out tasks and commands," the

Soviet Academy member

Mr Tikhonov's attack on the

comes at a tima when the Soviet leadership is intensify-ing its drive to have families and groups lease land for up to

50 years in order to feel it is

"master" once again, and thus

Democrats have been desper-ate to play down the scandal. The Prime Minister has promised to give Mrs Leijon a senior post after the election, effec-tively saying that apart from writing the letter or recommendation, she had done no wrong. Mr Sten Andersson, the

Foreign Minister, told the press he preferred to trust Mr Caris-son than the Swedish Police. Mr Carl Lidbom, Sweden's flamboyant smbassador to Paris (and another close friend of Mrs Leijon) who was appointed to investigate the security police in view of recent scandals, called the incident "no worse than a parking offence," while Mr Oile Svens-son, the Social Democrat chairman of the all-party Constitu-tional Committee initially tried (unsuccessfully) to prevent a full investigation into the affair until after the election.

For the past week, the Con-stitutional Committee (KU) has questioned many of the key players in the Ebbe Carlsson affair in public, televised hear-

ment's role.
"Sāpo did not have the full support of the Government" claimed Mr Holger Romander, former National Police Chief. Both Romander and Mr SvenAke Hjaelmroth, former head of Sāpo, sald the private inves-tigation had damaged the repu-tation of the police abroad.

"No alien secret service which wanted to damage Sapo could have done it more effectively than Ebbe Carlsson," Mr Per-Goeran Naess, the former head of Sapo's counter-intelli-

gence operations, said. Mr Naess, billed as Sweden's most secret man, told the KU in s bitter and swingeing attack on the Government that Mr Carlsson had had access to Mrs Leijon for seven or eight hours at a stretch to expound his theories and ideas - more time than his own division had been given to brief Mrs Leijon about their entire operations when she took over office - pointing out that the police had to content themselves with firm evidence and facts. At a cost of SKr2m (in travel

fees and purchase of bugging devices) and one Justice Minis-ter, the Ebbe Carlsson affair has been an expensive mistake - the more so since not a sin-gle one of the prosecutors, police, undercover agents or government officials could honestly claim for the KU that Mr Ebbe's efforts yielded anything of use in solving the

Banks battle for role in Portuguese privatisation

By Diana Smith in Lisbon

PORTUGUESE and international banks are scram-bling to meet the August 16 deadline for bids to be shortlisted as advisers to two stateowned companies which are to be partly privatised.
Mr Anibal Cavaco Silva's

Social Democratic Government said in July that Unicer breweries and Banco Totta e Acores would be the first state corpo-rations to become mixed-capi-tal companies where the private sector may acquire 49 per

The sale to private interests of minority stakes in public enterprises is effectively a first

step towards a programme of full privatisation, which should become possible next year Barclays de Zoete Wedd of Britain is among the foreign contenders for the initial exer-

The Government will choose two banks or consortia for each company to be privatised. The job of the advisers will be to study the state companies' often chaotic accounts, assess their market value, and help sell the equity.

The institutions chosen are

likely to be well-placed to play a leading role in next year's full privatisation programme.

Italy closer to tax reforms

By John Wyles in Rome

THE ITALIAN Cabinet is today expected to adopt draft tax reform legislation designed to carry forward its efforts to establish a firmer grip on ris-ing budget deficits and public indebtedness. Commitment to the strategy

of balancing current govern-ment spending before interest charges with revenues by 1992 was reaffirmed yesterday by a summit meeting of the leaders of the five governing parties.

Although they stressed the need for "changes of laws and behaviour", it remains to be seen how far they have bridged real divisions within the coalition over the content of spe-cific measures and timing of their introduction. In particular, the most junior members, the Republicans and Liberals, ara continuing to call for spending cuts while the domi-nant Christian Democrats and Socialists are putting more faith in gentle tax increases and a tougher clampdown on tax evasion and avoidance.

This is reflected in the mea-

sures under discussion today. A draft law presented by Mr Emilio Colombo, the Finance Minister, which could run into parliamentary difficulties seeks to take away many of the numerous tax-deductible con-

cessions currently allowed individuals and companies.

Under strong pressure from the trade unions to honour promises made in past years to remove the effects of fiscal drag on incoma tax rates, min-isters are due to adopt a new set of bands which may lighten the burden on the directly employed by a reported

7,000bn. Since this hardly contributes to the cause of budget deficit reduction, the Government realises that it needs offsetting revenue from other sources. A reduction in the number and an increase in the level of VAT rates has been postponed until September, partly because of union opposition to the Government's determination to sterilise the price impact on indexed wages.

Soviet unions seek new role

SOVIET trade unionists today begin a debate on extending perestroika to their own operations - amid signs that they are preparing eventually to play a role in plant bargaining that is more akin to their western counterparts, writes John Lloyd in Moscow.

Other issues before the plenum of the central council of trades unions include the (currently minimal) role of unions in co-operatives; their attitude towards self financing, now the rule in many enterprises; and the increased freedom Soviet workers now have to elect representatives and even bosses. Mr Stanislav Kramarenko director of the central council's educational and cultural department, said unions were increasingly at odds with directors of enterprises who were cutting social expenditure to

meet profit targets.

Mr Kramarenko admitted the unions - criticised for conservatism at the party conference - had been slow to

They had yet to organise workers in the new independent co-operatives. In many cases, such employees "wanted to be left alona to work as many hours as they wished." However, the plenum was likely to discuss forming a cooperative workers union. Mr Kramarenko said unions were defining their role as "guarantors of social policies."

German reunification fades into the future

David Marsh on a call to abandon the pledge of one Germany

R EGON BAHR, the Bast-West strategist of the West German A V.A. of the West German Social Democratic Party (SPD), has a long history of provoking confrontations over the coun-try's policies towards the Soviet bloc.

Uncomfortably for Chancel-lor Helmut Kohl's Christian Democratic Union (CDU), Mr Bahr also has a record, on some important points at least

some important points at least, of having been proved right.

Now Mr Bahr is raising hackles again in Bonn by suggesting that West German participation in an increasingly integrated European Community and control of the state nity undermines once and for all the Federal Republic's pledge to seek reunification with East Germany.

Mr Bahr, now aged 66, ranks as one of the most thoughtful and certainly the most contro-

versial of West Germany's leftwing nationalists. He is putting forward his latest thesis partly to inject fresh life into the increasingly ritualised debate about reunification, enshrined as a central goal in the Federal Republic's 1949 Basic Law or provisional constitution.

provisional constitution.

In an interview, he said the planned 1992 creation of a full internal EC market for goods and services would bind the Federal Republic "irreversibly" to the West. Combined with efforts by the Comecon states to create a senerate integrated. to create a separate integrated economic bloc, this would expose as untenable the 1949

reunification pledge.
"I don't see anyone in the
Federal Republic who wants to leave the [western] system," he said. "If this is the case, I must ask whether the whole hypocrisy [about reunification] should now come to an end." Mr Bahr warns that if a series of unresolved questions about Germany's post-war sta-tus is not cleared up, discontent could well up in the German population about what he calls discrimination against Germany by the wartime vic-tors. This impatience, he says, should not be allowed to be exploited by the right.

Born in Thuringia in what is now East Germany, and a jour-nalist in Berlin after the war for both the Russians and the Americans, Mr Bahr epit-omises the Federal Republic's tendency to look to both East and West at once.

The SPD politician is also reappear in the Kohl Government's efforts to build bridges with East Germany. When Mr Brich Honecker, the which could weaken the Fed. East German leader, visited.



eral Republic's anchor to the eral Republic's anchor to the western alliance. But Mr Bahr, who played a key role at the beginning of the 1970s in implementing the ostpolitik of Chancellor Willy Brandt, normalising Bonn's relations with the East, cannot be ignored.

This is especially so when, as a result of Mr Mikhail Gorbachev's reforms in the Soviet

achev's reforms in the Soviet Union, West Germany's eyes



are inevitably turning more to

the East.
Mr Bahr's famous thesis. outlined in 1963, of Wandel durch Annührung (Change through Recognition) laid down that the West would win co-operation from and influ-ence over the East only hy accepting the political reality of the post-war cleavage of

The idea was fiercely rejected at the time by the CDU. But it has now become an implicit part of Mr Kohl's policy. It provides the basic reason why the Chancellor is now eagerly grasping the opportunity offered by Mr Gor-bachev of rapprochement with

the Soviet Union. Mr Bahr's basic guidelines

Bonn last September, he was given a protocol welcome befit-ting the head of a sovereign state. Mr Kohl kooks almost state. Mr Koni Rocks simost certain to pay a return visit to Mr Honocker in East Berlin next year — another implicit acceptance of East Germany's

separate status,
Mr Bahr is now going a stap
further. He says not only that
West and East Germany,
together with the four victorious war-time powers which
still formally control Berlin,
should accept the finality of
the division of the nation. He also calls for the fate of Ger-many to be handed "back to the Germans."

the Germans."
In particular, Mr Bahr, in a book published earlier this year (Zum Europäischen Frieden, Corso), says it is time for the two German states to sign separate peace treaties with the Soviet Union, the US, Britain and France.

For more than 49 years the lack of a formal peace treaty has represented a bizarre piece of unfinished business after the Second World War, On the basis of international law, the German Reich still exists within its borders of 1937. pending a permanent European peace settlement — sup-posed to be realised within the context of German reunifica-

Mr Bahr's view is that, although it appeared a possibility back in the 1950s, this goal is no longer possible. All parties should admit it, he says-The only reason why the four powers do not admit that reunification is a fiction is because they want to keep a "grip on Germany", above all

through Berlin.
In putting forward his latest ideas, Mr Bahr is trying, perhaps disingenuously, to back through this elaborate maze of international bluff and counter-bluff. It is unlikely, however, that he will succeed in clearing the air.

The US and the Soviet Union, and many countries in Europe, prefer the paradoxes of the present position to almost any other conceivable solution. So, unless many more Germans become infected by Mr Bahr's impatience, Germany's post-war status and the reunification debate are likely to remain, quite deliberately, opaque.

Previous orticles in the series on West Germany's relationship with Eastern Europe appeared on this page on August 2, 8 and

MPs warn on arms control

By Robert Mauthner. Diplomatic Correspondent

THE ARMS control process, though potentially of great benefit to the West, also threatens to cause serious strains within the Nato alliance, a UK House of Commons Foreign Affairs Committee report, pubtished yesterday, warns.

The report, entitled "The political impact of the process of arms control and disarmament," concentrates on the impact of arms control and reductions on Nato.

The committee, chaired by Mr David Howell MP, stresses that an important distinction should be made between the political consequences of arms control and the military value of particular agreements.

"Even the Intermediate Nuclear Forces (INF) Treaty has raised conflicts between maintaining security and eas-ing tensions. Future negotia-tions could bring out these dilemmas in very much

sharper focus," the report It also points out that arms control does not necessarily

save money in the short term and that the immediate post-INF outlook is unlikely to be for lower defence spending. It is only in the longer run that savings through genuine arms reductions should be achieved. The INF agreement eliminating a whole range of nuclear weapons and the prospect of substantial cuts in strategic nuclear weapons have under-lined the problem of the US nuclear and conventional commitment to the defence of Europe.

The committee does not believe the partial withdrawal of US troops from Europe would necessarily signal any weakening of the US guaran-tee, provided it was done in consultation with its Nato

have serious implications for Western Europe's conventional defence capability, unless it was part of a negotiated agree-ment between East and West." The report says that to achieve anything like an equal balance in conventional forces, the Warsaw Pact would have to withdraw as much as twothirds of its strength in tanks and artillery in Europe. Yet aven if the Soviet Union and its allies are prepared to com-promisa on conventional forces, it is hard to see much leverage from the Nato side with which to negotiate from

"It would, however, clearly

In spite of all the hazards, the committee believes Nato should not be deflected from pursuing arms control and reductions as vigorously as possible. But governments and public opinion should be prepared for "a long haul."

Matignon accord brings uneasy peace to New Caledonia

It will take years to allay suspicion among the indigenous population, reports George Graham from Paris

TRAFFIC is circulating freely leader, Mr Jean-Marie Tjibaou, again throughout New Cale-donia, aix weeks after Mr Michel Rocard, the French Prime Minister, brought the leaders of the South Pacific territory's pro- and anti-indepen-dence parties together in an unexpected peace agreement.

The "Matignon accord" has had an immediate effect, calming the hatred that culminated indigenous Kanak rebels on the neighbouring island of Ouvea. But it has also begun to reveal the difficulties of implementing a solution to the New Caledonia problem.

The agreement foresees a year of direct rule from Paris, followed by a division of the territory into three autonomous regions: the south, including the capital Noumea, dominated by European set-tlers or caldoches, the north; and the Loyalty islands. In the latter two zones, Melanesian Kanaks are in the majority. A final referendum on self-deter-mination is to be held in 1998. The FLNKS secessionist movement has shown considerable reluctance about putting off its ambitions for independence for 10 years, but it has not disowned outright its

who signed the agreement along with Mr Jacques Lafleur, leader of the anti-independence RPCR party. Navartheless, the FLNKS

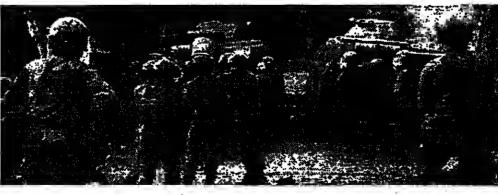
has submitted a list of demands for modifications to demands for modifications to the initial accord, focusing on the eligibility of voters for the 1998 referendum, on the need for an amnesty extending to those found guilty of crimes of violence, and on its preference for a division of New Caledonia into four territories. into four territories. Renegotiation of the agree-

by the Government, but Mr Louis Le Pensec, the French Minister for Overseas Territo-ries, has conceded that there may be some "readjustment" of details, while keeping its "architecture" intact.

The FLNKS's demands on

ment has been flatly ruled out

voter eligibility pose s real ideological problem. The last referendum on independence, organised a year ago under the previous Government of Mr Jacques Chirac and boycotted by the pro-independence par-ties, achieved a turnout of 59 per cent, with 96 per cent of those taking part voting in favour of staying French.
Although the Melanesians



Armed French police in action in Noumea

form the largest ethnic group in New Caledonia, they are far from constituting an absolute rom constituting an assource majority: 43 per cent of the 145,368 population, according to the latest 1983 census, compared with 37 per cent of European origin, and a melting pot of other races, from Indonesia, Vietnam, Tahiti, and Wallis and Future

Although the Melanesian population is growing nearly twice as fast as the culdoches, the FLNKS is still worried that by 1998 it will not yet com-mand a majority of the elector-ate. It wants to exclude Europeam settlers by limiting the vote to indigenous Kanaks and others with at least one parent born in the territory.

Mr Rocard, however, thinks the Melanesians will have out-hred the settlers by 1998. The government plan would freeze the electoral rolls to include those now eligible and

their immediate descendants, ruling out any settlers arriving in the next decade.

Mr Rocard has acknowledged Mr Mocard has acknowledged that the Kanaks have every reason to be suspicious of a deal spread over 10 years; he cites the fact that two previous undertakings by Paris (in 1963 and 1966) have been abrogated.

It will certainly take years to of New Caledonia's dominant allay suspicion among an indigenous population which the immediate surroundings of

tematic underdevelopment.
No Melanesian student grad-uated from high school until usted from high school until 1962, and it was not until 1968 that the Melanesian population had its first university student. According to the Institut d'Emission d'Outremer, the French overseas territories' monetary authority, barely one Melanesian in seven reaches secondary school, compared with three in seven for the European population. Around one in a thousand completes some form of higher education. some form of higher education.
Aides of President François
Mitterrand are critical of Mr
Bernard Pons, Overseas Minister in the Chirac Government. "Reform began under President Giscard d'Estaing, but the dent Giscard d'Estaing, but the Chirac Government turned back the clock. They concentrated into the space of two years all France's errors over the previous 130 years," commented a senior official.

The Matignon agreement includes specific commitments aimed at redressing the balance of economic development

ance of economic development in the territories, which has in the past been tilted in favour of New Caledonia's dominant nickel mining industry and of

European-controlled Noumea. Besides new roads in the north and east of the island and a new deep water port at and a new deep water port at Nepoui, the plan foresees increased spending on special youth employment measures. It also explicitly calls for a "real training policy, aimed at . . . correcting the imbalances which are reflected in at. . . correcting the imbal-ances which are reflected in too weak a Melanesian pres-ence in the various areas of activity of the territory, and in particular in the civil service." Already, Mr Jacques lekawe, ona of the first Melanesian high school gradnatea and viewed as close to the pro-indeviewed as close to the pro-inde-pendence movement, has been pendence movement, has been nominated as secretary general of the territory's government.

The Government must now secure the final agreement of the two sides, FLNKS and RPCR, to the Matignon plan, which is then to be put to a nationwide referendum this autumn.

autumn.
If Mr Rocard ancceads in New Caledonia, he will be a long way towards his aim of

restoring France's reputation in the Pacific. Mr Brice Lalonde, the Environment Minister, has been in Brisbane assuring the Austra-

lians that French nuclear tests

on the Mururoa atoll represent no ecological danger.

Paris is also trying to soothe Wellington's anger over the premature repatriation of two ascret agents, convicted of complicity in the sinking of a Greenpeace ship, who were supposed to be detained on a Pacific atoll for three years.

A face-saving solution will prove difficult, but is viewed in Paris as an important step towards regilding France's escutcheon in the region. on the Mururoa atoll represent

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it will lay off all but a handful statehood. employees in the istance of the pied territories, following a king's decision to abrogate decision announced at the direct responsibility for the weekend to yield responsibility for the West Bank to the Palestine Liberation Organisation.

A statement is stand following a king's decision to abrogate dec tine Liberation Organisation.
A statement issued following

a Cabinet meeting in Amman this week at the end of a meet yesterday explained that from ing in Baghdad of the Palestine August 16 some 5,300 civil servants employed before 1967

- the year Israel seited the
West Bank – would be retired with full pension rights.

Civil servants employed for more than 15 but less than 20 years would be suspended, but would continue to receive their cials are to step up their Cont 1 work the barrier and th would continue to receive their cials are to step up their salaries until they reached pen- already stringent controls on sionable age after 20 years of

Other civil servants, includ-ing teachers and health working teachers and health work-ers, employed for less than 15 the PLO stepping into the years would be laid off with breach left by King Hussein. Charles of a normal statutory severance arrangements, a month of pay for each year of service. These are believed to number about

12,000.

The only exceptions are religious employees, such as ciertactor in the region, the Shin lets, and those responsible for the administration of justice in the inflow of cash to PLO supthe administration of justice in the inflow of casa the inflow of casa

Jordamian officials are saying privately that it is now up to the PLO to assume responsibility for paying civil servants made redundant by Jordan's decision to end its legal and administrative links with the West Bank.

These officials say they are arch's move as "one of the private property and the Jordanian mon-

West Bank.
These officials say they are willing to co-operate with the PLO to ensure there is no hardship. It is recognised in fada (revoit).

Amman that the guerrilla The unidentified leaders, organisation is hardly in a believed to be a loose alliance

JORDAN HAS announced that estiman rights to independent of its approximately 20,000 The PLO, meanwhile, in its employees in the Israeli-occu- first official comment on the

> A PLO statement issued lats this week at the end of a meet-Central Council, the PLO's advisory body, said that the decision "was taken without the knowledge of or consulta-tion with the Palestine Libera-

> money coming into the West Bank and Gaza Strip in response to the Jordanian

Shin Bet -

Whereas Jordanian govern-

arch's move as "one of the most important achievements" of the eight-month-long inti-

position to transfer salaries to of the various nanomana-the West Bank past the Israeli Islamic factions, including the mainstream PLO, also called television audience on Sunday current visit to the Middle Bast that he was disengaging Jor of Mr Richard Murphy, the US

Jordan to sack | Kuwait weighs prospects of life after a ceasefire

Robin Allen reports on the mood in Kuwait in the light of moves towards peace in the Gulf

CONVENTIONAL wisdom in Knwait's private sector and among some government offi-cials has it that geography will be as kind to Kuwait in the Gulf peace as it was cruel dur-ing the war. There were times when

Kuwait's closeness to the war almost led to it being sucked

While United Nations efforts to end the Gulf war have encountered difficulties, and there are signs the talks are running into deadlock, the Knwaitis are beginning to relax in a way they have not for eight years. Summer holidays have taken on a double

When business starts up again, these Knwaitis argue, their proximity as a supply point to Basra, Baghdad, and the northern Iranian Gulf port of Bushire, puts Kuwait in an ideal position from which to finance and supply the recon-struction boom in both coun-

tries after a coasefire.

Of Knwait's two main ports,
Shuaiba has been operating at
only 25 per cent capacity for
most of the war and Shuwaikh

Mr Issa al-Mazidi, Kuwait's Minister of State for Services Affairs, has told Kuwait's ports to "get ready for a surge in shipping if Iran and Iraq end their war." There are already signs of increased dockings. Kuwaiti companies, the optimists assert, are sitting on huge inventories of building

materials, machinery, motors, trucks, and spare parts, and will exploit Kuwait's proximity. to Iraq in particular, when demand there rises as the reconstruction of Basra and other projects delayed by the war get under way. Knwaiti banks, in this new dawn, will help finance this upsurge in re-exports. There are also those in

Knwait who, remembering Iraq's predatory behaviour in the sixties and seventies with its aggressive claims to Kuwaiti territory, say circumstances in Iraq have changed. "President Saddam Hussein himself has changed," one offi-cial suggested privately. "He is

beholden to us for 10 years. His priorities are to re-establish his own economy. But, even in financial terms,



the cost of financing a Gulf peace could be as high as the cost of funding Iraq's war effort for the past six years.

A lot has changed in Kuwait in the past six years since the collapse of the Souk al-Manakh, the unofficial stock market, in August 1982, and the collapse of oil prices in Janu-

Before the war, at the end of the seventies, remarked Mr Farouk Sultan, managing director of a prominent business consultancy, everyone was rich - the Government,

trading and contracting compa-nies, the banks, property companies and owners, and private investors. Now, at the end of the eighties, there is only one corporation inside the country with any money - the Government itself. Every institution and individual, except those with substantial funds abroad, unless they are forced to bring them back, depends on the

fimds. Mr Sultan believes the private sector "lacks business maturity and is basically lazy. It is always looking for govern-

Government as a source of

The question is whether or not the Government can afford to finance Iraqi reconstruction to the extent that Kuwaiti private sector can benefit. Can it politically afford not to? For the problems ahead are as

"Kuwait is very sensitive to the fact it is a small and extremely wealthy country wedged between three regional giants - Iraq, Iran and Saudi Arabia," says one diplomat. "This is a geographical fact of life, and it has to maintain its freedom to manoeuvre." Hence

the Government's recent and prudent decision to allocate 1.532bn dinars (\$5.5bn) out of the States General Reserve Fund for capital defence spending over the next 10 years.

Any assessment of the likeli-hood of Kuwait making new loans to Irsq, or to Kuwaiti companies trying to cash in on renewed development, has to start from the premise of Iraq's indebtedness to Kuwait.

There are no official figures for the money lent by Kuwait to Iraq to support its war effort. Private estimates pnt Kuwait and Saudi Arabia's contributions together at a minimum \$35bn. It is almost certainly more.

In return, Kuwait has earned the enmity of Iran without guaranteeing tranquility on its northern border with Iraq. Before the war, there were at

least two border incidents - in 1961 and 1973. On the latter number two in Iraq's Baatb Socialist government. According to diplomats in Baghdad and Kuwait, talks on delineating the border, inherited from the days of British paramountcy over both countries. were put in abeyance for the Refore its invasion of Iran Iraq did not hide its claim to be the paramount power in the Gulf, despite coming off second best to the Shah's Iran. If Iraq

wins the peace, these preten

sions could resurface.

The fabric of Kuwaiti society has emerged the stronger from its own ordeals during the Gulf war. "They hope this is the beginning of the end of the war - and not just a device by which Iran can gain a breath-ing space," one diplomat said. But one way or another it is thought Kuwait will have to find either new cash, and beprepared to reschedule existing loans – even if it is doubtful these will ever be repaid - and continue to provide revenue from sales of crude oil,

In sbort, the Government will not find it easy to finance the peace on behalf of Iraq and its own private sector, but it will be under great pressure from both to do so. Without government guarantees, the private sector will not repairiate even part of the estimated \$45bn it has invested abroad.

Malaysia moves towards a higher growth rate

By Wong Sulong in Kuala Lumpur

after going through a tran-matic recession in the mid-1980s, according to both government and private sector economists, and the official projection of a 5 per cent, growth this year has now been revised to 7 per cent.

Mr Lin See Yan, deputy Cantral Bank governor, said recently that Malaysia recorded 7.3 per cent growth for the first quarter of this per cent growth for the first quarter of this per cent growth for the first quarter of this per cent growth of the first quarter of this per cent growth of the per c year, and exports of manufac-tured goods rose by 82 per cent during the first four months. Results of the economic survey by the respected Malaysian Institute of Reconomic Research

(Mier) published yesterday, confirmed Mr Lin's optimism. It said the recovery, which began in the second half of last dan from the West Bank in special envoy. Mr Murphy had response to demands, most been expected to meet several recently made at an Arab PLO-aligned Palestinians from Leagus summit in Algiers, that the occupied territories in called for a recognition of Pal- Cairo during the coming days.

THE Malaysian economy is to remain the main engine of moving towards full recovery, growth, the Mier report said, and demand for commodities

and manufactured goods was expected to remain buoyant. Malaysia's exports this year are expected to rise by 13 per cent to 51hm ringgit (£11.27bn). Imports will rise faster to 36.4bn ringgit. The country's balance of payments position will remain strong, with a sur-

plus of 5bn ringgit.
Mier said that private investment, which fell drastically in the mid-1980s, is forecast to grow by 15 per cent this year, and 11 per cent next, reflecting a return of business confidence. Private consumption will continue to expand by 4 per cent this year and 4.5 per

Mier said unemployment was expected to be a problem, despite the strong economicrecovery, and will remain around 10 per cent in the next

Japanese business leader dies By lan Rodger in Tokyo

MR TOSHIWO DORO, who led the Japanese business community through the economic turmoil of the mid-1970s and headed a government advisory panel that proposed privatising a number of companies, died in Tokyo yesterday at 91.
Mr Doko came to prominence in the early 1950s when he rescued the predecessor company of Ishikawajima-Har-

ima Heavy Industries, the giant shipbuilding and engi-neering group, from a liquidity crisis. In 1965 he became president of Toshiba. From 1974 as president of the Keldanren, the powerful tions, he led the business com-

munity through the first oil crisis. In 1982, he was asked to head a study into administra-tive reforms, which led to pri-vatisations of Nippon Tele-graph and Telephone and Japan Air Lines.

Pretoria ponders import curbs

By Anthony Robinson in Johannesburg

SOUTH AFRICA may be forced to impose import controls and take other measures to head off a looming balance of payments crisis and honour its debt repayment commitments, Mr Barend Du Plessis, the Finance Minister, warned yes-

terday.
This latest indication of growing official concern over the consequences of a credit-fuelled consumption boom, which has sucked in imports, followed last Friday's one-point rise in bank rate to 12.5 per cent. It was the second increase since May and was accompanied by a similar rise in commercial bank prime rates to 16 per cent.

But in an interview with Business Day newspaper yes-terday, Mr Du Plessis said that the authorities, who have been criticised for delaying action for fear of the negative politi-cal impact on October's munic-pal elections, could not rely on interest rate adjustments

"It may become necessary to extend import controls," he said. The Government already imposes some import controls to protect strategic or fledgling industries. Its future options include raising the existing 7.5 per cent surcharge on some goods, extending the range of such surcharges and imposing higher tariffs "bearing our Gatt commitments in mind," he added. Mr Chris Stals, the director

general of finance — a senior civil servant — addressing property men in Durban yes-terday, added that the value of imports rose 30 per cent over the first quarter of 1988, against a 4 per cent rise in exports. This deterioration on the trade account was accom-panied by a further ontflow of capital both inside and outside

the scope of the Angust 1985 partial debt moratorium. The net result has been a turnaround in the current account of the balance of pay-ments from an annualised sur-

(£1,4bn) in the last quarter of 1987 to an annualised R400m deficit over the first quarter of 1988, he said. Part of the strain has been taken by the rand, which depreciated by 14.1 per cent against a basket of curren-cies over the first seven

But the decline in the current account and the continu-ing capital outflow, only partly compensated for by rising trade-related credits, is also reflected in a sharp drop in

Last month, the Reserve Bank revealed that gold and currency reserves fell by R540m in June to R5.65bn after repayment of R1.4bn in loans and interest.

To replenish depleted currency reserves, the central bank mobilised 1.1m oz of gold by various gold swaps. These were reflected in a Ribn cut in gold holdings to R3.93bn and a R460m increase in foreign exchange holdings to R1.71bn.

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AMERICAN NEWS

Chile signs debt in effort to cut burden of interest

By Stephen Fidler

CHILE and its leading bank than 20 per cent using debt-creditors yesterday began sign- for-equity swaps and other creditors yesterday began signing in New York a new debt package that envisages further significant reductions in the country's foreign debt burden. The package also lowers the interest rate on the roughly \$10.5hn of medium and long-term bank debt. It falls to percentage point — in line with most recent Latin American debt agreements — from one percentage point on restructurings of debt agreed in 1983, 1984 and 1985, and to % on new loans made in those

one percentage point. Chile, with 330 or so bank lenders, has been the most suc-cessful South American coun-

years. Previously, the rate was

secondary market up to \$500m of its own debt, or exchanging it for more senior, collateralised, debt.

year or so, although some bankers view this as optimistic. It hopes to encourage potential lenders by, among other things, a programme which would collateralise new loans with Chilean goods.

Congressman found guilty in bribes case

in bribes, AP reports from New

Biaggi, a 10-term Democrat, came on the fifth day of deliberations,

The congressman and six others at the four-month trial were accused of using Wedtech

cnMarch II, generated nearly 20,000 pages of transcript over four months of testimony and a week of closing arguments. It grabbed national headlines and reached into the top echelons

that Wedtech did not need Mr Biaggi because the company had friends in President Ronald Reagan's White House,

The new agreement envisages that these schemes will be extended, including for the first time specific agreement from the banks for the country to be able to buy back in the

The country's express inten-tion is to start raising funds in the voluntary markets within a

mer Wedtech executives who

four admitted bribing public officials, defrauding the Gov-ernment and stealing from the

stock or stock options to Mr Biaggi and other politicians for their assistance with city and federal agencies.

was convicted of all but one of 16 counts, including conspiracy, extortion, tax evasion and receiving bribes. He faces up to 20 years in prison on the racketeering counts, the most serious charges. Mr Biaggi is the 12th member of congress to be convicted of criminal charges or plead guilty to them during the past decade.

Bronx district; Wedtech Corp. founder Mr John Mariotta; former Small Business Administration official Mr Peter Neglia; inclinding Mr Edwin Meese III, and Mr Biaggi's former law partner, Mr Bernard Ehrlich, all of racketeering and lesser were called, including four for-

um-range Sparrow – Sky Flash in its British version –

and the short-range AIM-9

Asraam was originally due

Second, an increase in labour costs eroded their com-

try suffered intense competitive pressure throughout 1987, especially in the clothing, wool

tionol, EIU, 40 Duke Street, London WIA 1DW.

Sidewinder.

THE Italian textile industry, dollar and related Far Eastern for years the most dynamic in currencies accelerated the Europe, has reached a water-influx of imports from Taiwan,



Dukakis's doctor denies

the Democratic presidential candidate, has "never demonstrated any symptoms or signs" of depression according to his doctor of 17 years, Dr Gerald Plotkin.

Dukakis's medical history Dr Plotkin appeared before a news conference in Boston on Wednesday night to deny that he had been treated for clini-cal depression several years

Dukakis had experienced peri-ods of depression in 1973 and 1978 and were fanned by President Ronald Reegan, who described him as "an invalid" on Wednesday in what he later

claimed was a joke.

Dr Plotkin issued a detailed three-page statement on Mr Dukakis's medical history which showed that he had had no serious illnesses and that much of the medication he had received was for minor physical ailments, including foot pain suffered by the former marathon runner. But Mr Dukakis stuck to his refusal to

Mr Dukakis said: "I am a very healthy guy who takes his health very seriously." He keeps fit by taking vigorous walks carrying arm weights, sometimes accompanied by panting reporters who have been invited to interview him

Asked about Mr Reagan's remarks, Mr Dukakis, who has

Leaders of PMDB in behind-the-scenes compromise with Sarney

Deal agreed on Brazil constitution

LEADERS OF the Democratic Movement Party (PMDB), Brazil's dominant political grouping, have agreed in behind-thesceues talks to substantial changes to the country's draft constitution.

The compromises, which should eliminate several conshould eliminate several con-troversial clauses, suggest that the PMDB's claim that it defeated President José Sarney in a highly public clash last week over the document is a little stretched.

While the constitutional assembly voted overwhelmassembly voted overwhelm-ingly to approve the draft doc-ument, thereby giving a moral boost to PMDB president Ulysses Guimaraes, some of the Sarney administration's worst fears about its potential

AN INTERIM bank financing

for Brazil has been successfully

extended by the country's lead-

ing creditor banks, sending a strong positive signal about the likely success of a crucial bank rescheduling deal.

The interim financing, which was first agreed with banks

last year and frees \$25n from the banks and \$15n from Bra-zilian reserves to clear last year's debt backlog, required the agreement of each of the country's top 115 bank lenders.

That was forthcoming yester-day when the last outstanding bank, DG Bank of Frankfurt,

The extension, confirmed yesterday by Mr William Rhodes of Citicorp, the chair-

man of Brazil's bank advisory

committee, came a day before

the so-called "early-hird" dead-line for a medium-term pack-

indicated its assent.

By Stephen Fidler, Euromarkets Correspondent

PMDB managers and the Government is put into practice, an income-tax amnesty and the forgiveness of the debts of certain could be a send business of the debts of certain could be a send business and business are a business and business and business and business are a business and business and business and business are all the properties and business are all the purposes and business are all the government in the process and the Government is put into practice, an income tax and the government is put into practice, an income tax amnests and the government is put into practice, an income tax amnests and the government is put into practice, an income tax amnests and the government is put into practice, an income tax amnests and the government is put into practice, an income tax amnests and the government is put into practice, an income tax amnests and the government is put into practice, an income tax amnests and the government is put into practice, an income tax amnests and the government is put into practice, and the government is put into put tain small farmers and busi-

uesses should be dropped.
These were estimated at billions of dollars in obligatory extra expenditure for the treamost important changes sought by Mr Sarney in his padeast to the nation a week

have given ground on several elements in the social welfare and labour chapters of the

PMDB leaders also appear to

But there remain consider-able areas of dispute. In partic-

Interim bank financing extended

age which comprises a \$52bn (£36bn) rescheduling and \$5.2bn in new loans.

Banks which commit to the package by midnight tonight spin an early-participation fee

gain an early-participation fee of % per cent, which falls to % per cent from tomorrow.

The strength of the response to the rescheduling deal before the early-bird deadline is

viewed as an important indica-

tor of its likely success. A "critical mass" of 90 per cent by value of the banks is needed

before the medium-term pack-

However, the banks in the

interim financing account for upwards of 80 per cent by

value of the country's bank

creditors, and they can now be

expected to support the new

money package. Some banks, including some

age becomes effective.

ular foreign companies based in Brazil are mounting a last-ditch attempt to alter provisions that would take min-eral and oil exploration into

eral and oil exploration into Brazilian majority control and clauses that pave the way for the further "reserving of markets" and sectors exclusively for national companies.

A multi-million-dollar television and newspaper advertising campaign has been launched to supplement lobbying in Brasilia in an effort to stress worldwide trends towards intra-dependence between economies and other towards intra-dependence between economies and other countries open-door policies to foreign capital.

Despite these efforts, Mr Sar-ney, although a sympathiser with the foreign viewpoint, supears to have put protection-

in Switzerland, seem likely to agree to participate in the new money package but not in the amounts being requested, how-

ever. Disagreements were

expected because the base date, on which the new money

contribution by each bank was

calculated, was brought forward to 1987 and because a number of other reductions

were allowed in calculating

Some banks do not agree

that short-term exposure should be used in the base for

the new money calculations. It remains to be seen whether these will constitute algorit-

cant problems to the package.

that the early returns from banks gave grounds for opti-

Mr Rhodes said yesterday

bank exposure.

ist pressures in the constitu-tional assembly low on his list of priorities for possible

Few now believe that over-seas mining interests will be able to muster sufficient votes to overturn articles forcing them, over a four-year, interval into minority participations. New oil risk contracts for for-eigners also look likely to be banned.

For Brazilian industry, a rajor concern centres on provisions that would impose a maximum six-hour working lay. Industrialists fear that if this is not thrown out from the final document, it will damage the competitiveness of continuous process sectors working the three-shift system.

tered early returns" indicating

a positive reception for the "exit bonds" in the package. Brazil is offering up to \$5an of the 25-year bonds, which allow banks to escape any

future debt negotiations, but which also reduce Brazil's debt servicing burden. If the initial response is followed through, it

will be in sharp contrast to the previous rescheduling deal in which exit bonds were offered — for Argentina — when only three or four banks accepted

The final approval of a standby financing for Brazil from the International Mone-

tary Fund hangs on the suc-cess of the bank package, while reschedulings and an accom-modation with the Paris Club

of official Western creditors depends in turn ultimately on

in Washington

THE US apace programme suffered another setback yesterday when computers aborted a test firing of the space shuttle Discovery's engines seconds before they were to ignite.

It was the fifth postponement of the engine test in two weeks, and it will probably delay the US's planned October return to space by at least another day.

Space officials were philosophical and insisted that such delays were to be expected. Mr James Fletcher, Nasa administrator, said: "That's wby we have flight readiness firings – to work the bugs out of equipment before we launch."

The Discovery has been plagued by a leak problem as engineers have prepared the shuttle for final tests. Fed appointment

The US Senate voted 90-3 yes-The US Senate voted 90-3 yes-terday to confirm the nomina-tion of Boston banker John Laware to a 14-year term as a member of the Federal Reserve Board, AP-DJ reports from Washington.

Washington.
Mr Laware, chairman of Shawmit National Corporation, is to fill a seat vacant since December 1986, when Mr Henry Wallich, a Nixon appointee, resigned for health reasons. All seven members of the sons. All seven members of the Fed board have now been appointed by President Rea-

Productivity declines US non-farm business productivity fell 1.7 per cent in the March-to-May quarter of 1988 at a seasonally adjusted annual rate, AP-DJ reports from Washington.

The decline was the first operately drop since the Orto-

quarterly drop since the Octo-ber-to-December quarter of 1986, the US Labour Department said. Non-farm productiv-ity rose 3.4 per cent in the previous quarter.

The Department said the decrease reflected a 4.7 per cent increase in output and a 6.5 per cent increase in hours worked. Unit labor costs rose 5.9 per cent at an adjusted annual rate compared with 0.1 per cent in the first guarter.

anic di

A FEDERAL JURY yesterday convicted a veteran congress-man and three others of racketeering, on charges that they turned a defence contracting company into an enterprise dispensing millions of dollars

The verdict against Mr Mario

Corp. as a racketeering operation to hand out large bribes to win no-bid government con-tracts set aside for businesses owned by ethnic minorities. The trial, which began

of government.
The jury rejected arguments

testified for the Government in exchange for leniency. The

Prosecutors charged that Wedtech officials paid bribes in cash, political contributions,

The 70-year-old Mr Biaggi

The jury also convicted Mr Stanley Simon, the former president of New York City's

depression

GOVERNOR Michael Dukakis,

To dispel rumours about Mr

ago. The rumours eaid Mr

release his medical records.

during his excursions.

been seeking to contrast him-self with the President by presenting himself as a competent leader, said he did not want an apology. "We all occasionally misspeak, governors and presidents as well."

World Bank

steps into

Sandinistas prevent opposition march

The left-wing Sandinista government has refused to allow an opposition labour federation to march on Sunday, the first anniversary of the

Central American peace plan, AP reports from Managua, The Interior Ministry said police decided on the ban yes-terday "after analysing the last incident and its consequences."

At the last opposition demonstration, a July 11 rally in the southern town of Nandaime, police dispersed participants with tear gas and arrested about 40 people.

The incident led the Govern-

ment to expel US Ambassador Richard Melton and 10 other US diplomats for allegedly inciting unrest; to shut down

the nation's only opposition newspaper, La Prensa, for 15 days; and to take the Roman Catholic radio station off the air indefinitely. The Perma-nent Congress of Workers wanted to hold a march on Sunday to mark the anniversary of the signing by five Cen-tral American presidents of a regional peace plan known as

Esquipulas II. Mr Rolando Velazquez, an official of the Independent General Confederation of Indepen-dent Workers, which belongs to the labour federation, said the ban "totally violates the accords of Esquipulas II .

The peace accord aims at ending civil wars in Nicaragua, El Salvador and Guatemala

WORLD TRADE NEWS

Britain to take over troubled air missile project

By David White, Defence Correspondent

BRITAIN is to take charge of a troubled project for the joint development with West Gerum-range Sparrow — Sky many of an air-to-air missile, part of a multi-billion-dollar US-European programme which has suffered delays on both sides of the Atlantic.

Under the management change, British Aerospace will become prime contractor in place of the West Germanbased joint venture, BBG. This company, owned half by BAe and half by Bodenseewerk Geratetechnik, was being dis-solved, BAe said, but the West German partner would remain

as the main subcontractor.

Contracting authority for the weapon, known as Asraam (Advanced Short-Range Air-to-Air Missile), will pass from the West German authorities to the UK. In exchange, West Germany is to take over as "pilot nation" for proposed European work on the US-developed medium-range sister missile, Amraam. The two missiles are des-

shed in its fortunes, according to a study by the Economist Intelligence Unit. A surge of imports and slug-

trade in Italy's textile and clothing industries to fall by 4 per cent to L12,594bn (£6bn) in 1987. in the clothing sector the

balance of trade was reduced for the first time in the 1980s. In the 1960s and 1970s Italy in the 1960s and 1970s hely emerged as a powerful force in the European textile industry.

The indigenous flair for design,

of both output and employ-

ment in textiles.

But last year Italian textile and clothing companies found it increasingly difficult to com-

First, the decline of the US

pete with overseas rivals.

coupled with sustained investment in automation, enabled the Italian industry to become the largest in the European Community, providing a third **Egyptian** tourism row By Peter Montagnon, **World Trade Editor**

A LONG-STANDING investment dispute between Southern Pacific Properties (SPP), a Toronto-based tourism development consortium, and the Egyptian Government could be resolved soon following a ruling by a special dis-pute panel established under World Bank auspices.

for service in the late 1980s, but this has moved to the mid-1990s, with improved Sidewind-The panel, formed under the aegis of the bank's Internaers filling the gap. The two partner countries met difficultional Centre for the Settleties in agreeing on the configu-ration of the wingless, infrared-guided missile, which completed its project definition ment of Investment Disputes (ICSID), has ruled that it does have a right to arbitrate in the dispute, which goes back to phase last autumn and should have already entered full-scale development. Senior UK offi-1975, when Egypt abruptly withdrew authorisation to SPP to construct a luxury tourism cials said recently that this complex outside Cairo. Withdrawal of the licence was expected to take "a few

more months". came only a year after SPP had been invited by the then Government of President Anwar Sadat to build the com-BAe said that although it already worked with the West German partner on European production of the Sidewinder plex. SPP claims it suffered losses amounting to \$30m (£17.6m) and has been trying - the AIM-9L version incorporates a Bodenseewerk Geräte-

technik infrared seeker – the Asraam project had meant breaking new ground. to recover its money.

Egypt, which is a member of ICSID, had argued that the World Bank body had no right to intervene in the affair, but ICSID's ruling means that the way is finally open for a settle-Italian textiles industry ment, according to lawyers who have followed the case. The ruling could also open struggling to stay on top

the way to the settlement of other long-standing disputes between western companies and Egypt. This would set Egyptian foreign investment Egyptian foreign investment rules on a more secure international footing, they added.

SPP sought the help of ICSID on the grounds that Egyptian domestic law provided for this type of international arbitration in the case of discrete investment foreign. into Italy and its export mar-kets. This meant that the Ital-ians faced pressure both at home and abroad. petitiveness against other European producers such as Spain, the UK and France. The emergence of Turkey as a big textile exporter to the EC also posed problems.

As a result the Italian industrial of disputes involving foreign investment. Egypt had earlier refused to recognise a ruling in SPP's favour by the International Chamber of Commerce.

Though ICSID has few practical understand of property its and the commerce of the commerc tical means of enforcing its ruling, legal experts believe Egypt will now come under especially in the clothing, wool and silk sectors. That pressure has continued in the opening months of 1988 and, according to the EIU, poses a serious problem for the future.

"Profile of the Italian Textile Industry," by Madeleine Leuis, £60, Textile Outlook International EIII. 40 Duke Street

strong moral pressure to settle the dispute. It has yet to make an official response.

World Bank officials declined to comment on the case. Under the rules of ICSID, established in 1965 to deal with foreign investment disputes, the Bank may not publi-cise details of its rulings.

Thai boom brings problems in its wake Richard Gourlay finds Bangkok's infrastructure cannot cope with rapid growth

MRS Thatcher is likely to warm to Thailand on her first visit this weekend, not least because its increasingly confident business leaders and technocrats are so clearly cut from the same free

enterprise block. In June Imperial Chemical Industries defeated Amoco and Mitsui for important Board of Investment (BOI) privileges to set up a £100m plant making purified terephthalic acid (PTA), a key ingredient in polyester destined for expand-

ing textile exports. Barring unforeseen changes of heart — including any by the emerging government of Prime Minister-elect Chatichai Choonhavan — ICI should join Solvay, Mitsubishi, Mitsui, Dow Chemical, Lever Bros and numerous Thai companies in the second phase of an importsubstituting petrochemical

industry.

The \$1bn (£585m) project, and the rest of Eastern Seaboard Development near Bangkok, for which petrochemicals is the cornerstone, has devel-oped at such breathtaking speed that the country's plan-ners have been caught off-

Nearly six years ago, Thailand started planning to use natural gas from its fields in the Gulf of Thailand to produce feedstock for a cracker that will make olefins (ethylere and merculers) for the started of the sta ene and propylene) for the plastics industry. Ground was broken in January for what is known as the National Petrochemical Corp (NPC1) project.

But only nine months have passed since the go-ahead was given for the second phase, called NPC2, involving production of more olefins and also aromatics, like toluene, benzene and the xyleue from which PTA is derived.

The award of BOI privileges in June has determined the shape of the intermediate and downstream producers in NPC2, but the Government is still studying whether the upstream aromatics plant should be built and if so who will win it. Ports, industrial parks,

export-processing zones, new towns and a fertiliser plant were also planned, with a total private and public investment of \$4m. All except the fertiliser plant have gone ahead or are about to do so.

The cracker is being built by Japan's Toyo Engineering and will come on stream in late 1989, while construction of two of the four associated downstream ventures will be completed in a year. Meanwhile ICI is negotiating with potential Thai partners, who will own 60 per cent of the 205,000-tonne plant at start-up in 1992.

he Eastern Seaboard projects and the expec-ted 9 per cent gross domestic product growth this year have spawned a host of problems, the size of which planners had simply underesti-mated. Most immediate is the severe strain on infrastructure imposed by two years of 30 per cent growth in exports.



Government already want more commercial rail capacity to the deep sea port being built at Laem Cha-bang, so it can handle 70 per cent of the country's container cent of the country's container-traffic rather than the planned 25 per cent. Before the port opens in 1991, planners – or rather, crisis managers – are considering reactivating the abandoned US military port further south at Ban Sattahip, 80 miles from Banekok 80 miles from Bangkok. The capital's Klongtey port

is already bursting at its seams and new freight-handling facilities at Donmuang airport are expected to be inadequate.

Other problems in the area include a 300 per cent higher increase in land prices due to speculation near the sites of new towns at Laem Chabang and Map Ta Phut, insufficient planned fresh-water supplies, a potential lack of telephone lines in 1991 and an unclear

system of energy transfer between the big industrial energy producers and consum-ers in NPC, surrounding indusers in MPC, surrounding limit-try and the Electricity Generat-ing Authority of Thailand. Clearly, Thailand's capable planners are being severely stretched. Many of the prob-lems stem from a shortage of capital for infrastructure devel-

opment — NPC2 is a minimal drain on the Treasury, as the 11 projects are privately owned, unlike NPC1 which is a 49 per cent government corporation: If the Government lifted its self-imposed annual borrow-ing limit from \$1.2bn there would still be long lags before the infrastructure was in place. the infrastructure was in place.
Thornier medium-term issues that are becoming more pressing as industrialisation gathers pace include the reform of tariff structure and the tax system. For example, the Government's four downstream partners in NPC1 are tied to buying olefins from the cracker, which uses relatively

In any case, the Government's tax take from tariffs is likely to fall as import substi-tution moves ahead, either because tariffs are lowered or because less is imported. But Thailand's tax structure, like that of many developing countries, is still dependent on tariffs and consumption taxes rather than direct taxation.

he World Bank, among others, advocates a val-ue-added tax to replace consumption taxes which are applied at each stage of pro-duction. Such "cascading" taxes often lead to vertical integration of operations which makes good tax sense but dis-torts economic allocation of

resources, the bank says.

Strong resistance from the significant segment of Thai business that remains outside the tax net has, however. already led to a number of postponements of a VAT.

Many developing countries,
offering more and more competitive investment incentives,

cracker, which uses relatively expensive indigenous gas.

Downstream producers in NPC2 — Solvay's polyvinyl chloride operation, for example — do not yet know if they can import cheaper feedstock or, more likely, what level of producers will be granted and for how long.

An industry/government committee is expected to iron this out. Thailand has to decide whether to opt to keep relatively high tariffs, with a complex system of tariff drawbacks for re-exporters, or to

Asians more sad than angry over US trade bill

By Our World Trade Staff

ASIAN hations reacted more with sadness than anger at the prospect of a tougher US trade stance after Congress passed a sweeping new trade bill. The bill, which calls for sanctions against trading partners with unfair barriers to US goods, now awaits President Reagan's signature to become law.

law. Some Asian leaders said they hope Mr Reagan will veto the bill as he did an earlier ver-sion, but the White House has said the President considers the bill responsible and will sign it. Few of the measures cou-

tained in the bill are seen as

directly affecting Hong Kong, and though officials there do not welcome the legislation, they said its passage could dampen protectionist sentiment in the US and thus help head off potentially more damaging legislation.

However, fears were expressed that the workings of Gatt may be undermined by the bill.

"We are concerned that some provisions in the trade bill represent bilateral thinking, and could undermine the multilat-eral talks in the Uruguay Round of Gatt," commented Mr Christopher Jackson, the terri-tory's Assistant Director of

the hill

regard to the issue of exchange rates, officials believe Washington understands that the Hong Kong dollar is inked to the US dollar to avoid exchange rate volatility and not for reasons of trade edvan-

general of the Federation of Hong Kong Industries, said it was "probably in Hong Kong's interests for the bill to be

In South Korea, Trade Minis-

the bill."

A senior Taiwanese trade official said the bill would be powerful because it enabled the US to retaliate against foreign trade barriers. "It is protectionist, but we cannot appeal to Gatt, like Japan or other countries, because we are not a member," he said.

ter Ahn Byong-hwa regretted the enactment of the trade bill. It would make it difficult for the South Korean Government to expend bilateral trade.

Such a protectionist law would damage the international free trade system, he added. "We strongly urge, once again, that the President veto the bill."

A senior Taiwanese trade official said the bill would be powerful because it enabled the US to retaliate against foreign trade barriers. "It is protectionist, but we cannot appeal to Gatt, like Japan or other countries, because we are not a member." he said.

ASIAN nations reacted more Trade for North America. Given its record on free trade, Hong Kong has little to fear from the market access provisions in the bill. With

imposed on its exports of tex-tiles and garments.

Rothschild biotech

from US to Europe

fund shifts focus

By David Fishlock, Science Editor

N. M. ROTHSCHILD, the

merchant bank, is planning to switch the focus of its biotech-

nology investment fund from the US to Europe.

.The bank intends to stimu-

late new European ventures following its success in backing 50 biotechnology start-up projects since 1981, mostly based in the US.

based in the US.

Lord Rothschild, the Cambridge bioscientist and chairman of Biotechnology Investments (BiL), said he believed there were "hidden jewels" lurking in European universities, while first-rate US opportunities were becoming harder to find.

BIL specialises in hiotechnol-

BIL specialises in biotechnol-

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Lord Rothschild said he

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GEC wins turbine orders for coal-fired stations

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selected belong GEC HAS swept the board in competition with Northern Engineering Industries in the supply of turbine generators for the first three of the UK's

for the first three of the UR's planned new generation of coal-fired power stations.

The Central Electricity Generators had won the design and brilled order for four 900MW bines to be installed. by the posed power stations at West Burton, Nottinghamshire and Kingsnorth, Kent. The total turbine contract is likely to be worth Eisom to £200m.

GEC secured two months ago the order for the two sooms.

ago the order for the two 900MW turbines for the pro-posed power station at Fawley, near Southampton, in a deal worth about £90m. The announcement yester-day is a bitter blow for NEI and for its Parsons turbine West Burton and Kingsnorth plant near Newcastle-upon-Tyne. The CEGB said both NEI and GEC had offered fully acceptable engineering propos-

als.

GEC said it won the order because it had made the best offer. However, the decision also seems to indicate that the CEGB wants to standardise procurement of individual types of equipment on individual companies. GEC also won the previous turbine order for Sizewell H.

NEPs International Combus tion division secured in the summer the order for boilers for Fawley B. Bids for the boilers for West Burton and Kingsnorth, for which NEI is competing with FKI Babcock, are due to be received by the CEGB in September. the past ten years, 18 of which The decision to proceed with have still to be manufactured.

will be taken by the successor companies to the CEGB. The decisions will not be made before 1990. If the stations are built they will not be com-pleted until the mid-1990a.

Planning consent for West Burton has already been applied for by the CEGB. It will almost certainly apply for con-sent for Kingsnorth and West Burton later this year.

The winning by GEC Tur-bine Generators of the last four CEGB contracts for turbines totalling 6600MW will help the Rugby-based company maintain its position as one of the world's leading turbine suppli-

The company has won order for 50 power station turbines in

However, while several area boards over-achieved their tar-

gets, the CEGB earned only 2.26 per cent on its assets last year compared with a target 2.3 per cent. For the three

years the CEGB's return aver-

aged 2.5 per cent a year com-pared with the 2.7 per cent set by the Government in Decem-

Wide differences also

ogy and health-care shares, and is evenly divided between

ogies during the next 30 fronically, BIL's decision to focus more effort on Western Europe follows a year in which it received a record number of unsolicited invitations to invest in unquoted US shares. It reports proposals from 207 unquoted investments last

sure there was a European biotechnology market seeking venture capital. "But nobody has looked properly."

The seeding would start in the UK, but Mr Cook added: "Europe will follow if the UK test works." He stressed, however, that project proposals would still have to pass BIL's stringent tests. US experience had taught the fund that the most common weakness was believed biotechnology "would continue to be one of the most industry-transforming technolmost common weakness was the quality of the people involved in generating new ideas, rather than their proposals for new companies.

Mr Cook said he thought

that "less intelligent" money was entering the US venture capital market, chasing bio-technology deals which were not increasing in number.

US, compared with a total of

year, including 162 from the Ex-partners were 'unfit'

Mr Tony Rodd and Mr Gerald their associate, Mr Malcolm Kelly, two ex-partners of Rowe Rudd & Co, the former stock-broking business which sprang to some prominence in the late-1970s and early-1980s, were yesterday described as "totally

By Nikki Tait

unfit to be directors of any company whether private or public by a Department of Trade and industry report.

The report into the affairs of Greenbank Trust – a small investment trust which was

Postgate, as the vehicle for a new financial services enter-prise in 1981 - was completed by DTI inspectors three years

However, its publication has been delayed by the question of legal action. The DTI said yesterday that civil proceedings by the Official Receiver were still continuing, but it is understood that the Director of Public Prosecutions will not be taking criminal proceedings.

Generating board misses profit target for year by £175m

voted go All 194 Lebeurh

ed to consider NUCLEAR power stations in England and Wales last year produced only two thirds of the electricity for which they were intended, forcing the Central In all a seal 100 tille: 1986 TR NHOLD for hear Electricity Generating Board to spend about £150m on alterna-tive fuels, mainly oil and coal. The board also blamed the on ov President cost of nuclear fuel reprocess-ing for the fact that its trading uctivity decip profit, at £579m, was £175m below its target for the year.

The figures appeared when the CEGB issued its last annual report before it starts rehearing for its privatisation into two private generating groups and a separate National Grid company. · forms business pe Production times the

Sir Philip Jones, chairman of the Electricity Council, the industry's umbrella body, announced at the same time that electricity prices were likely to go up on April 1 next ing terms.

mortgage

portfolio

George Graham

By David Barchard and

year when the industry would have a higher financial target He and Lord Marshall, CEGB

cheirman, were speaking a at a joint press conference in London to present the industry's results for 1987-88.

The reports of the 12 area.

distribution boards, which handle retail electricity sales in England and Wales, were published separately. For the first time, several of these fature public limited companies circulated their results nationally rether than just locally

rather than just locally.
Sir Philip reported that record electricity sales last year helped the industry to meet a three year target agreed with Government of an average annual return of 2.75 per cent on average current cost net assets, equal to 13.9 per-cent in historical cost account-

emerged in the trading performance of individual area boards. East Midlands Electricity last year earned a record 4.9 per cent return on assets, averaging 4 per cent for the three years, or 18 per cent in historic

ber 1984.

years, or to per cent in manager accounting terms.
South Wales Electricity last year achieved a lower target of 231 per cent, but still achieved its target for the three year period. Observer, Page 12; Lex. Page

used by Mr Rudd, Mr Kelly and Britain facing £10bn deficit until 1993, forecasters say

By Ralph Atkins, Economics Staff .

merger_

BANQUE National de Paris, the second largest French banking group, said last night that it had bought Chemical Homeloans, the UK mortgage subsidiary of Chemical Bank. CHL has a net mortgage portfolio of just under £10n and a 1.9 per cent share of the UK home loans market. The price paid by BNP has not been disclosed but is believed to be

in the region of £32m.
The sale reflects the changing market positions of the large US and European banks.
Chemical Bank's decision to sell its CHL, its only retail operation outside the US, fol-Bank of America when it sold its mortgage book to the Bank of Ireland. lows a similar move in 1986 by

BNP is following a lead already given by other French banks such as Credit Agricole BNP is following a lead and Compagnie Bancaire which have set up subsidiaries in the UK to sell and adminis ter mortgages in preparation for the emergence of a single European financial market

after 1992. BNP, the largest state owned French bank and second in France only to the Credit Agricole confederation, is already present in the UK market in corporate banking through its corporate canking through as subsidiaries BNP Capital Mar-kets and Ark Securities, a Lon-don equities dealer. Mr Jacques Wahl, managing

director in charge of interna-tional activities, said last night. "We were interested in the UK mortgage market, and at the same time the UK is ahead of the continent in experimenting with new mort-gage techniques, especially the endowment mortgage." Endowment mortgages are.

as yet little known elsewhere

Regulatory bodies discuss

TWO OF THE City's five self-regulatory organisations have come close to merger just three months after the investor protection regime they were set up to police came into force, it emerged yesterday.

The proposed merger, between the Life Assurance and Unit Trust Regulatory Organisation (Lautro) and the Financial Intermediaries Managers and Brokers Regulatory Association (Fimbro), was prompted by the dire financial position of the latter. However, the plan has been suspended following Lautro's refusal to

accept the terms of the deal. The move has thrown Into question at an early stage whether the investment industry needs five separate institu-tions as well as a chief regulator, the Securities and Investments Board. A merger of Fimbra and Lau-

tro could spark the creation of a new super-regulator also encompassing the Investment Management Regulatory Organisation (Imro). The latter already shares premises and some staff with Lantro. The possibility of a merger has been talsed in the past, but Mr Malcolm Reid, chief executive of Lautro, said the discussion had been suspended for at least a year to allow the new regulatory system to settle down. Lautro's decision not to pro-ceed with the Fimbra merger,

was due mainly to uncertainty about the latter's financial position. One plan under con-sideration is that it should levy a charge on all products bought by its members' clients. This would get around the problem that, until now, it has been the only SRO whose members are unable to pass on the costs of regulation to the final consumer, said a Fimbra spokesman.

BRITAIN WILL have an in 1990. In the following three He adds: "There is no obviannual current account deficit years they will be at 12 per ous painless mechanism why of £10bn or more from next year until at least 1993, the The current account deficit between UK exports and

Henley Centre for Forecasting predicts in its latest report. The Government's policy of high interest rates to control inflation will have little impact on the trade problem, says Mr Glenn Hoggarth, chief UK economist at the centre.

"The only way higher interest rates will succeed in reducing the deficit is if they push the economy into recession." he says. The Government's concern ahout inflation is "misplaced". There are few signs of a sharp rise in the near term, he adds. The report forecasts that

short-term interest rates will average just under 10 per cent this year, but rise to 11.3 per

is expected to total £9.7bn in 1988 and £11bn in 1989. That compares with £1.7bn in 1987. A retail price inflation rate of 4.4 per cent is expected in 1988, rising to 5.3 per cent next year. It is forecast to remain below 6 per cent up to 1993: Mr Hoggarth says structural

problems in the UK economy are contributing to the trade deficit. Increasingly, overseas customers are choosing to buy goods from other countries than the UK.

British consumers are also choosing to buy foreign goods. He says: "Three pounds out of every £10 now spent goes on imported goods, against only £2 in every £10 in the early

imports should rectify itself. The longer the large trade defi-cits persist, the more the Brit-ish economy is open to a run on the pound and a take-off in Mr Hoggarth says a better

policy for the Government will' be to lower interest rates slightly so that exports can benefit from a weaker pound and introduce direct controls on borrowing to moderate

spending growth.
The Henley Centre forecasts
the UK economy will grow hy 3
per cent this year and then
about 2 per cent a year until
1003 Investment agreement in 1993. Investment expenditure is projected to increase by 8.5 per cent this year but by just 1.3

Confidence high on Merseyside

over and 76 per cent predicting higher profts. The percentages of businesses forecasting that

sales and profits would fall

were in single figures for the first time - normal levels are

THE ECONOMY of Merseyside, expecting increases in turn-

in north-west England, which usually lags behind the rest of the UK during upturn and falls fastest when times are had, is showing upprecedented levels of corporate liquidity and con-

According to the latest sur vey by Merseyside Chamber of Commerce and Industry, cashflow improved dramatically in the second quarter, with only 5 per cent of businesses record-ing a worse position than three months previously. Usually, about a fifth of businesses report downward fluctuations between quarters. The propor-tion of businesses reporting improved cashilow went up from 16 per cent - a typically normal level - to 36 per cent. Confidence is higher than

in the 30-40 per cent range.
This was in spite of a halving to 12 per cent of the proportion of businesses working at full capacity. The survey shows 56 per cent at 80-100 per cent capacity and 31 per cent at 60-80 per cent. Mr Keith Robinson, chamber director, said yesterday: "The trend looks very strong but I

am worried about the capacity figures. Do they mean that there may be a slowdown in the autumn? The strength of sterling and higher interest rates won't help. A surge in export orders at the beginning of the year now seems to have stopped dead."

However, expectations in the last survey that there would be more jobs as a result of present bnoyancy proved fully justified, with 37 per cent taking on more people compared with 16 per cent shedding them, but there was less optimism about new jobs for the third quarter.

Skill shortages were wide-spread, with 27 per cent of husinesses having trouble recruiting a wide range of workers from bricklayers, time-served craftsmen, hotel receptionists and tool operators, to architects, accountants and opticians.

More businesses were revis-ing investment budgets upwards — with only 4 per cent moving in the opposite direction – possibly suggesting greater future use of labour-saving plant and machinery to overcome skill shortages.

Investigators accuse Visa and Access of operating monopoly

By David Barchard

THE MONOPOLIES and Mergers Commission has told members of the Access and Visa credit card organisations 101 unsolicited proposals in 1986. Britain yielded 29 proposals last year compared with 14 from the rest of Europe (including eight from Israel).

Mr Jeremy Curnock Cook, who joined Bil. as investment that it believes them to be operating a monopoly.

Letters informing the credit card organisations of this and inviting them to submit a formal response have been sent out this week by the Commission, which is expected to report next May. The current investigation into credit cards is the second of its kind in less them. than a decade.

manager this year, said it was launching a "seed" investment scheme to try to catalyse opportunities in Europe, for what he claimed was the "best-informed, most efficient, west-informed, investor in the The Commission has been investigating claims that credit most innovative investor in the card issuers make excessive profits and proposals that shops should be allowed to make an extra charge for accepting a credit card if they wish to do so. Mr Cook said he could not be sure there was a European bio-

The major credit card organi-sations appear highly sensitive

disclose exact details of their earnings in the balance sheets of their parent banks and lumping profits from credit cards together with unrelated retail activities. All the major issuers belong-

to allegations that they make

excessive profits, refusing to

ing to the Visa and Access Pay-ments systems have been sent the Commission's Public Interest letter. This follows their own preliminary submissions to the inquiry, delivered early this year.

A market share of 25 per cent of the national credit card network of merchant outlets is regarded as the threshhold for a preliminary assessment of a monopoly by the MMC. Many of the banks and other institutions which have been

share well below this level, but

the Commission regards them as operating a monopoly because they work jointly with other card issuers through organisations such as Visa and

The largest share of the mer-chant network belongs to Visa, which has 55 per cent of the national total. Members of the Joint Credit Card Company, which issues Access cards, have around 45 per cent

The largest single issuer is Barclaycard, with a 35 per cent market share. It is well ahead of the next biggest Visa issuer, Trustcard, which has 14 per

Even newcomers to Visa, such as Halifax Building Society, which last month became the first building society to issue its own credit card, are expected to receive the commission's letter this week.

Lloyd's resignations may reach 1,700

By Nick Bunker

Clowes

further

remanded

By Raymond Hughes, Law

the collapsed Barlow Clowes fund management empire, was

remanded on bail until Janu-

ary 9 when he made a brief appearance at Guildhall magis-

trates court in London yester-

day. He is charged with pervert-

ing the course of justice by the destruction of documents and the creation of false docu-

Mrs Helen Garlick, prosecut-

ing for the Serious Fraud Office, said that the long

adjournment was needed because inquiries would be

continuing.

Mr Clowes was remanded on

£300,000 hail, on the same terms as were imposed at his

first court appearance on June 6. One of the conditions requires him not to contact

past or present employees of Barlow Clowes Gilt Managers

or Barlow Clowes International

except at the behest of and in

the presence of representatives of Cork Gully and D. J. Free-

Cork Gully, the accountancy firm, is the High Court ap-

pointed special manager of BCGM. D. J. Freeman & Co is the solicitor for the special

manager. Other conditions are that Mr

Clowes must not contact past or present clients of BCGM or BCI and not, except with the permission of the Serious

Fraud office, contact past or present intermediaries.

£7m of the assets of Ryeman, a

company based in the British Virgin Islands that has been

linked with the Barlow Clowe

High Court yesterday.

affair, was continued by the

Ryeman has been joined as a

defendant in an action in which it is being alleged that Mr Guy Cramer, a Leeds busi-

nessman, and companies asso-ciated with him, received loans

from money invested in Barlow Clowes International, the Gib-

raltar arm of Mr Peter Clowes's

fund management empire. Mr Cramer denies the allegations.

Lawyers for BCI and the

receivers said yesterday that a

freezing order had also been

· An order freezing up to

Courts Correspondent MR PETER CLOWES, head of

by court

AS MANY as 1,700 members might eventually resign from the Lloyd's, the London insurance market this year, according to a tentative forecast yes-terday by Mr Alan Lord, chief executive of the Corporation of Lloyd's, the market's central

Only about 1,100 new members are expected to join, Mr. Lord said, confirming the view of commentators who have pre-dicted that the market's underwriting membership would contract for the first time since the late 1960s, when Lloyds was reeling from the impact of

hurricane losses in the US. Reasons cited hy observers for the resignations this year are that members of Lloyd's have been frightened hy reports of hig potential losses from US liahility insurance, and that the tax advantages of membership have diminished.

Speaking at a press conference, Mr Lord said that up to August 3 notices of resignation had been handed in hy 1,064 members. Of that figure, 233

no direct professional involvement there.

The figures support the view the figures support the view that there has heen a rush of applications to leave in the last five weeks. On July 29, Lloyd's said 480 resignations had been received, but hy July 15 the figure was 744, with another 206 saying they intended to anit

Mr Lord said that on the basis of extrapolating from trends from 1937, the resigna-tions could total between 1,500 were so-called working members, who are employed in the market, and the remaining 631 were external members with the market in the maining 631 were external members with the members with the members with the members were speculative.

Company Notices

NOTICE OF MEETING of the holders of 8% Series III entures to mature January 1, 1995 of TURBO RESOURCES LIMITED

NOTICE is hereby given that a meeting of the holders of the 8% Series III Debenhures, to mature Jamesry 1, 1985 (terminater referred to as the "Debentures") of Yurbo Resources Limited (hereinatter referred to as the "Company" issued under a trust indenture fluorination referred to as the "Trust indenture") duted as of the first day of January, 1985 made between the Company and Montreal Trust Company of Canada, as trustee (hereination referred to an the "Trustee"), will be hold at Third Floor, Cottons Carelo, Ontones Lares, in the City of London, England, on Monday, the Sch day of September, 1988, at the hour of 10-00 actood in the terenoon (Greenwich Mean Times), for the purpose of considering and if thought fit, passing as an exclanding resolution or exchanging and in the control of the Trust Indenture one or more resolutions for the following purposes, namely:

To approve an interim plan deted April 29, 1988 entered into by the Company and certain of its creditors;

To approve an agreement in principle dated July 13, 1988 entered into by the Company and certain of its creditors and the transactions contemptated thereby, which agreement contemptates the redemption (by Juli or partial payment) of all of the Series I and Series ill Debentures tipsued under the Trust Indepture as part of and conditional upon completion of all components of a proposed capital and financial reorganization (the "1963 Reorganization") of the Company (which reorganization includes the purchase by the former helders of Series I and Series II Debentures of distraces preferred shares to be leased by a single-purpose wholly-owned substiciary of the Company); and

3. To approve amendments to and a restatement of the Trust Indenture for the purpose

creating a fixed charge in tayout of such new series of debentures in at material respects the same as existing fixed charge security;

The said moeting is being convened at the request of the Company in connect with the 1988 Reorganization. Senior management representatives of the Company be available at the meeting to discussion purposes and, during that three business of prior to the meeting, will be available to meet privately with Debentureholders in Lonion an informal beats. Debantureholders interested in meeting with these representative prior to the meeting should call Robert McClinton, or Meetra. Silkeman, Elliot. - Long (01) 379-0888. C. amending covenants to reflect and implement the 1956 Reorganiz

This notice is given pursuant to the provisions of the Trust Indenture with the Inrest that any extraordinary resolution or extraordinary resolutions passed at the said meeting or any adjournment thereof shall, if passed in accordance with the provisions contained in the Trust indenture in that behalf, be blacking upon all the Debentureholders, whether present or absent, and couponholders and such and every Debentureholders and the Trust redesire and the Trust redesire and the bound to give effect thereto secretingly, with the turber intent the tin considering and/or passing any resolution, extraordinary or otherwise, such meeting may modify, amend, change, amplify, and to or crait any of the matters and things hereinselves operated, it being stipulated that the foregoing does not purport to specify the learns of any resolution or resolutions to be proposed at the meeting, but only to indicate the general nature of the business to be transacted themsel and in general terms the subject matter of any extraordinary resolutions to be submitted thereat.

Pursuant to the provisions of the Trust Indenture and regulations made thereunder, Debenture-hidders dealting to be present and vote at the meeting without producing their Debentures may deposit same with any of the depositaries named below and will receive in exchange voting certificates which will entite the holder named therein to be present and vote at the meeting and at any adjournment thereof and to appoint a proxy (who need not be a Debentureholder) to represent and vote for the holder at such meeting and at any adjournment thereof and to appoint a proxy (who need not be a Debenture) thereof in the same way as if the holder so named in the voting certificate were the actual bearer of the Debentures specified in such voting certificate. Debentures so deposited will be held on deposit until after the meeting and any adjournment thereof and will then be returned to the depositor.

Copies of recently-published financial reports concerning the Company and other publicly-swallable information ratevent to the 1988 Reorganization, together with inctructions and forms for depositing Debendures, forms of voting carifficates, and other information may be obtained on application to any of the depositance at the audiesses

Save as aforesaid, the only persons who shall be recognized to the meeting or an adjournment thereof as the holders of any Debentures or an entitled to vote or be present the meeting to any adjournment thereof shall be the persons who produce Debenture and/or voting certificates at the meeting to any adjournment thereof.

in the event that the said meeting shall be adjourned by reason um, those Debertureholders present in person or by proxy at the transact the business contemplated by this notice. For the convenience of Debentureholders unable to attend the meeting, proxice and voting cartiflostics may be sent to Mortmeal Trust Company of Canada, the Orion Royal Bank Limited, Principal Paying Agent, 71 Queen Videria Street, London, England ECAV 4DE, Attention Ms. Giselin Warman, and, in order to be retied upon, must be received at such address on or prior to the business day immediately preceding the date of the meeting.

All persons intending to stiend at the meeting are asked to arrive at least one hy prior to the scheduled commoncement for registration and other similar administration

Dated the 5th day of August, 1998

MONTREAL TRUST COMPANY OF CANADA Trustée 411 8th Avenue S.W. Calgary, Alberta

treal Trust Company of Canada ntion: Corporate Trust Department 411 8th Avenue S.W. Celgary, Alberta T2P 1E7

510 Burrard Street Vancouver, British Columbia VSC 386 Orion Royal Bank Limited 71 Queen Victoria Street

London England ECAV 4DE

Morgan Guaranty Trust Company of New York Euro-clear Operations (Rue de la Régence 4, B-1000 Brussels, Seigli

obtained against Ryeman in the Isle of Man. recorded for many years, with 71 per cent of husinesses Materials research body set up

By David Fishlock, Science Editor

A COMMISSION to fund about 215m of university research into advanced engineering materials has been set up by the Science and Engineering Research Council

It is Britain's first national

initiative in the development of these materials. The materials commission will have an extra £2.7m for two new research centres, with prospects for two more soon. Professor Colin Humphreys, of the Department of Materials

Science at Liverpool Univer-

sity will head a commission

which includes research execu-

tives of companies such as

Rolls-Royce, Pilkington, Uni-lever and British Telecom, and an equal number of academics. Professor William Mitchell,

chairman of the Science and Engineering Research Council, said it was an important step in the strategic science pro-

He said the Ministry of Defence and the Department of Trade and Industry would be invited to sit on the body.

The commission would be responsible for funding the new inter-disciplinary research centre in Cambridge for high-

temperature superconductors.

and another studying novel electronic materials, to be set up at Imperial College, London. Two more laboratories may be set up next year, for poly-mer science and materials and

Prof Mitchell said the most important scientific target would probably be "atomically designed" structural and elecfronic materials

high-performance materials.

It was now possible to design materials with the desired engineering properties, and synthesise them by laying down a sandwich of different

substances only a few atoms

thick.

Prof Humphreys said a for-mer chief scientific adviser to the US Government had con-cinded that materials were probably the most important subject in the US today," and in Japan the Ministry for Inter-national Trade and Industry had identified advanced materials as one of three priority areas of new technology.

The commission would be setting research priorities, and tackling opportunities such asdesigning computers through the "atom-by-atom" approach to creating novel materials.

New Zealand US \$ 350.000.000 Floating Rate Notes due 2001

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the sixth interest period from August 4, 1988 to February 6, 1989 the Notes will carry an interest rate of 8 16 % p.a.

The interest payable on the relevant interest payment date, February 6,1989 against coupon n° 6 will be US \$ 445.63 per Note of US \$ 10,000 nominal and US \$4,456.25per Note of US \$ 100,000 nominal. The Reference Agent KREDIETBANK

Feeling the Hanson treatment

A shake-up of the industrial conglomerate's cigarettes subsidiary is aimed at boosting return on capital rather than market share in the short term. Lisa Wood explains why

on Fulford, chairman of Imperial Tobacco, the cigarette and cigar business bought by the Hanson conglomerate two years ago, is a dour man. But he laughs at the suggestion put forward hy some of Imperial's competitors that his job is simply to "milk" Imperial for the Hanson coffers.

The other companies operating in the declining UK tobacco market base their suggestion on Fulford'a approach to slashing Imperial's cost base. They say there are no visible signs of a strategy for reversing imperial's declining market share—it is now down to 36 per cent and the company to 36 per cent and the company has this year been surpassed for the first time as market leader by Gallaher.

Fulford, a seasoned Hanson campaigner, having led the rationalisations at two previous Hanson acquisitions British Ever Ready and London Brick — says: "What we are doing at Imperial is atrengthening the business, not milking it."

Imperial Tobacco, which last year contributed about £140m to the Hanson group, around 20 per cent of its total operating profits, was acquired in the £2.5bn acquisition of Imperial

Group in April 1986.
The core husiness of Imperlal Group was tobacco; its diversifications included Courage, the brewer, and the ill-fated US hotel and catering group, Howard Johnson, which was eventually sold to the Mar-

In 1975 Imperial Tobecco commanded about 66 per cent of the UK cigarette markat. This had dropped to 52 per cent hy 1980 partly because of Imperial's lack of successful investment in king size brands; tax changes introduced by the European Community in 1978 adversely affected makers of standard-sized cigarettes such as Imperial and helped established manufacturers of king sized brands auch as Gallaher and Rothman.

A renaissance of Imperial'a tobacco business started in the early 1980s when plant was closed, investment was made in new machinery and the introduction of new king size brands enabled sturdy price increases to be imposed. Performance improved – between 1980 and 1985 the operating

Profit before tax

Interim dividend

profit of Imperial Tobacco increased from £84m to £125m with profit margins increasing from 3 per cent to 5 per cent. Imperial Tobacco's attraction to Hanson, which sold off other Imperial activities such as

Courage to Elders IXL, were three-fold. It operated in a mature low technology sector, had a strong cash flow and had a capable middle management. Fulford and his team, which included Collinson Grant Consultants, spent three months looking at the operations of Imperial before making any moves, "We locked ourselves in the boardroom and studied the business," says Fulford.
It was an approach that did not endear the Hanson team to the incumbents at Imperial. One former employea says:
"Imperial bad a paternalistic tradition and was committed to communicating with its employees. Snddenly there were all these outsiders who made no effort to communicate their intentions. There was a growth of suspicion."

'What we are doing at Imperial is strengthening the business, not milking it'

On the Hanson side there was an acknowledgement of some achievements by the former management. Hugh Day-ton, a director of Collinson Grant who was part of the evaluation team says: "There was a lot that the previous management had done well. They ahrank the company, managed to hold unit costs and invested beavily in new technology. There were also a lot of good middle managers. Comparisons with Ever

Ready and London Brick are constantly made by Dayton and Fulford although Imperial's new chairman insists: "In each instance we did not have a premeditated plan." Nevertheless, Fulford's eval-

nation of what needed to be done at imperial has followed a predictable pattern. This involves a slashing of overheads, a dismantling of central administration systems and the replacement of the top centralised management by one which is decentralised and

incentive-motivated. "Structure is the main dynamic of a business," says Fulford. "The structure we found here made it impossible for ingenuity to

A first target was the former board and the staff at the Bris-tol head office. Whereas there were 1,060 head office jobs in 1987 there are now 260. Many senior executive jobs disappeared in the shake-out of responsibilities. Other execu-

tives chose to leave.

The majority of management job losses at haadquarters came from the break-up of central functions, with an estimated saving of £25m. Functions such as accounting have been devolved, some legal services have been sub-contracted and while a core personnel activity has been retained to handla company-wida employee relations, line man-agera are being asked to assume more responsibility for

their employees. In devolving activities such as accountancy, where there was duplication at local level. the Hanson team allocated the cost among the operating units. They then halved that amount before giving it to the operating division and told them to show a saving of 20 per cent on existing overheads. Fulford says: "We are trying to create antonomous units where the managements feel they are really responsible for the business.

Fulford says: "Since September factory managers have sold their output to the trading divisions et transfer prices which are frozen for a fixed period. Unit costs have to be held so if sales decline and inflation increases, the management of the factory has to introduce

greater efficiencies."

He declines to elaborate on how exactly the managers achieve this difficult task but says the strategy has never failed at Ever Ready and London Brick. Labour is the largest single cost and soma 800 hourly paid and 70 supervisory jobs have been lost in the past two years at Imperial. More job osses are in the pipelina. In addition unions are being asked to investigate the possi-bility of the introduction of

greater flexibility among work-Fulford says it is too early good housekeeping among the line managers. But he says a similar strategy at Ever Ready resulted in productivity going np by 70 per cent over five

Merice Hamblin, branch sec-retary of MSF, tha general technical union, takes a prag-matic approach. "We have seen a progressive loss of jobs in the industry since 1982 because of falling sales and new machinery," ha says. "Hanson may have speeded up that process

but the trend was there."
Hanson's push for greater efficiancy has also extended into sales and distribution formerly run from the centre's national accounts department. Since April three new regional trading divisions have been

The proposition is that while the central function is well placed to arrange contracts the three trading divisions are better placed to respond to the needs - such as promotion of their local customers.

A comprehensive marketing strategy for the group has been slow to emerge. A first strand was the combining of the sales forces of the Wills and Player brands - the strategy being that selling a total range should enable representatives to compete with a wide range of hrands and prices.

Fulford also wants his salesmen to focus on key brands. He inherited a huge portfolio of cigarettes, cigar and hand-rolling tobaccos - too large for today's competitive conditions. A quick cull - probably not the last - resulted in the de-listing of 29 pipe tobacco brands, 21 hand-rolling tobacco brands, 8 cigar and 20 cigarette brands including John Player Special 100s and Regal 100s. All the brands involved were low volume with a small mar-

Fulford points out that the rationalisation will exacerbate. Imperial's ailing market ahare in the sbort term. He declines to forecast when he believes the fall in market share will be arrested. "It took us five years at Ever Ready," he says.
"There are some people here who think we can do it faster than that."

Return on capital employed, rather than market share, is a



Ron Fulford: "Structure is the main dynamic of a business"

share has to be addressed – at its crudest a decline in market share leads to increased unit

Throwing more money behind the branda is not a strategy Fulford finds attractive and marketing spend is at 1985-1986 levels. He admits that a marketing strategy - that is the mix of brands and their price positioning - has not yet been devised. We will be rather like Guinness and Distillers - thinning out brand portfolios and concentrating on fewer, more strongly advartised brands. Just pouring more money into advertising is

not the right solution — we must have the right products."
Lowe Howard-Spink and Rell, the advertising agency, has been hired to assist with the evolution of this strategy in tandem with the research and development department within imperial.

It is an R&D facility which has been halved in size - a development which has not ed unnoticed by Hanson's critics in the industry. Fulford says: "We had criticisms at Ever Ready for a similar cut-back in R&D. But there had

re-organisation at Ever Ready the range changed within two

At Imperial elements of five or six departments previously involved in R&D have been brought together into one team. Several activities are being run down. For example, in the past Imperial was looking for products other than tobacco which would appeal to smokers. Investment was large and success was limited. Fulford says: "You cannot escape ford says: "You cannot escape from problems. Our task is to improve eigareties, make them tastier or whatever." Not that Fulford would claim that the Hanson team - conspicuous in the tobacco industry as nonthe tooseco maustry as non-smokers — would have any particular skills to bring to leaf blending. "We see our job as harnessing the resident man-agement to take decisions that might be painful," says Ful-ford.

In a few years' time, he pre-dicts, he and his team will be redundant at Imperial with the in-house management, tutored in the ways of their parent company, running the business. And Fulford - where will be be? Probably knocking the next Hanson acquisition

Who knows who really cares?

Michael Skapinker on conflicting views of prevailing levels of customer service

hen a market research organisation asked people if they could name a British company that leeked after its customers, many were stamped for an enswer.

Thirty-one per cent said that retailers Marks and Spencer provided a good level of service. Right per cent named British Airways. No other company was cited by a significant praportion of respondents.

dents.
The remarkable feature of the poll is that the respon-dents were not members of the general public but senior British managers - whose respon-sibilities included customer

The survey of 154 managers was carried out by Consensus Research for the management consultants Erust and Whin-ney. The managers worked in retailing, financial services, transport and travel, and the

Despite their dismal view of the performance of UK compa-nies, almost all the managers = 96 per cent - said they had introduced training courses to promote customer service. Just under 70 per cent said their organisation had a written mission statement on the

Eighty per cent said they had researched their custom-ers' requirements and 79 per cent had introduced new technology to improve the service they provided. In addition, 86 per cent said they had devel-oped a formal procedure for oped a formal procedure tox dealing with customer complaints.

If so many companies are making these attempt to improve customer service, why are they not achieving the desired results?

Ernst and Whinney claim the reason is that British companies are paying only superfi-cial attention to outtomer care. In a press release issued with the study, the firm says:
"The survey shows that many companies are merely paying lip service to customer service by training only those people who have face to face contact with the customer.

"We know that the most suc-cessful programmes are those which involve all levels of staff and are implemented at the top management level and include a clear mission state-ment on customer service."

The view that many service improvement programmes lack commitment from the top of the organization is a common one. It would also be useful to Ernst and Whitney If it were true, The firm has recently formed a group which offen to help elients improve their customer service. If it could be shown that what companies lack is an overall service strategy, then Ernst and Whitney's work would be cut out for them.

But does their survey bear out the contention that customer care programmes are

out the contention that cut-tomer care programmes are failing because senior manage-ment is not committed to them? It is true that staff who deal directly with the outtom-ers receive more training in customer care than their superiors, but the difference is not

The survey shows that of the 151 companies that train their staff in customer service, 97 per cent train those employees who deal with the customers. Minety per cent of the organi-sations train junior managers, 85 per cent train middle man-agers, 77 per cent train sonior managers and 72 per cent train top managers.

It is true, too, that junior staff are trained more frequestly than top management, but that is what one would expect. Fifty-eight per cent of companies that train their top managers do so at least once a year and 77 per cent do so at least every two years. Perhaps Ernst and Whinney

should have asked the customers what they thought. They can see why "customer care' often does not work: the com-pany is not prepared to spend the money to make it a reality.

Supermarket chains are a good example. Customers are presented with brighter and cleaner premises, an improved range of merchandise and a smile from a cashier in a new uniform - and are then expected to pack their goods them-selves while fellow shoppers seethe impatiently behind

Should companies take on more staff if they want their customer care programmes to work? Now that's a harder idea for management consul-tants to sell.

Customer Service, from Ernst and Whinney, Becket House, 1 Lambeth Palace Road, London



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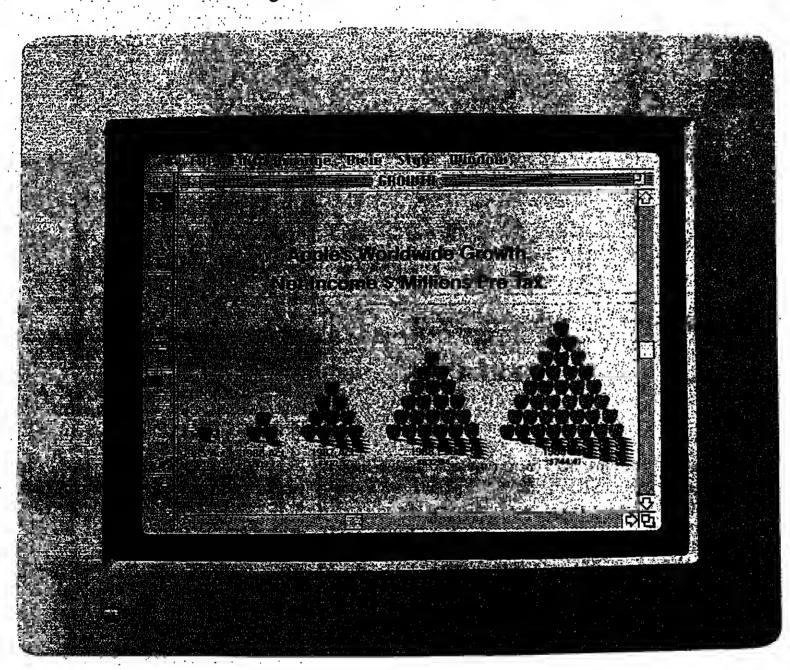




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Yet another bumper crop.

In just eleven short years Apple Computer has grown to become one of the largest and financially strongest companies in



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While the 'Financial Times' was impressed enough to comment "Apple"... has begun to reap the rewards of its efforts to crack open the business personal computer market."

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TECHNOLOGY

BT takes a dose of automation

Della Bradshaw reports on the integration of a complex office system

Pritish Telecom (BT) is taking a dose of its own medicine and introduc-ing an integrated office automation system throughout the

company.

The scheme is expected to cost between £25m and £30m a year to implement and will be based on equipment developed in-house by BT.

The company has been selling office automation equip-ment for more than five years and has several local schemes in operation on its own sites. However, the new project, dubbed Common Office Automation System for Telecom (COAST), will link more than 60,000 BT users throughout the UK and connect with some overseas BT divisions as well.

John Spackman, BT's director of computing and informa-tion systems, the man responsible for the decision to implement COAST, admits that BT is running behind other information technology compa-nies in introducing office automation. "I believe we should have moved faster," he says. "But it is a very big company."

The whole project is likely to take about 10 years to implement, with Spackman's own division, UK Communications, the first to try out COAST. That is the largest division within BT, responsible for the running of the ordinary tele-phone, telex and data networks within the country.

The first 300 personal computers and terminals are being installed in the division's headquarters. The 28 districts which make up UK Communications are preparing detailed schemes for their implementation of the system.

Spackman believes the introduction of COAST will enable the company to make savings on its equipment purchasing. His computing budget is £300m a year and he estimates he can shave 10 per cent off that by cutting out the duplication of terminals - one terminal on a desk will be able to carry out several functions, from ordering to electronic mail.

In addition Spackman says BT is planning to make healthy positive return" from the improved administrative efficiency that COAST will bring. According to Spackman, those savings are likely to come from increased productivity, not staff reductiona. Savings in operational costs are crucial to BT, which is fac-ing a tougher price control formula for its services from August 1989. From that date it will have to limit its price rises on basic services to a figure below the rate of inflation.

Spackman looked at office antomation systems from major suppliers such as IBM and Digital Equipment (DEC), before deciding to go for an in-house developed product. He says the BT automation system "shaped up well" to the compe-tition, but the company did not put out an open tender for the deal. According to Spackman, BT, like most information technology companies, has a "sell what we use, use what we sell"

The COAST system will be based on open systems and will nse the M6000 range of machines, developed by BT and made in Birmingham by Fulcrum, BT's manufacturing arm. The M6000 hardware is Unix-based and will run the Uniplex office automation software from the St Albans-based company of the same name. The office automation package will also include M5000 personal computers, IBM PC compatible machines, made for BT in the Far East by Zenith, and M1779 terminals bought in by BT from Videcom.

The equipment will be connected together locally hy BT's T-Net local area network prod-uct and nationally by a pack-et-switched data network, called Internet. When Internet is in place it will be one of the largest data networks in the country. Within three years, Spackman helieves, an ordi-nary voice service will be inte-grated with the text and data over Internet,

BT is also planning to sell the COAST system through its International Product Division. It sees large local and national government departments and utilities as obvious targets for such a system.

It is already putting forward a package similar to COAST for the Ministry of Defence's Corporate Headquarter Office Technology System (CHOTS) project, in conjunction with computer manufacturers Nixdorf and Honeywell Bull and software house SD-Scicon.

oel Coward may have said that sun-burn was attractive – though only when done evenly to avoid imitating a mixed grill - but for the 1990s pale looks set to become

synonomous with healthy. Sun worship seems set to fall from favour after warnings from doctors that its rays are dangerous. A recent snrvey conducted by Schering-Plough, the US manufacturer of Coppertone sun products, shows that 90 per cent of sunbathers want lighter tans. The implications for the multi-billion pound sun preparations mar-ket are considerable.

The need to evoid the worst

effects of the sun has become acute after an alarming increase in tha incidence of melanoma, the most lethal form of skin cancer, which has been linked with exposure to strong sunlight.

Some American doctors are beginning to talk about an epi-demic. The rate of melanoma is doubling on average every 10 years in the US and Europe. In Arizona and New Mexico it has quadrupled.

quadrupled.

The increase in less dangerous skin cancers, such as basal cell and squamous cell cancer, is probably linked to the cultural changes that made tanned skin fashionable. These cancers are the result of continuous and long-term exponents to sun

sure to sun. But Rona MacKie, Professor of Dermatology at Glasgow University, believes that the rapid increase in the incidence of melanoma follows a change in the availability of foreign holidays. Last year the British took 27m trips abroad. "Pack-age holidays to the sun did not exist in the 1960s and skin cancer rates have heen rising steadily for the last 20 years.

Mackie explains that mela-nomas affect fair-skinned peopla three times as often as those who are naturally dark. The highest European rates are in Scandinavia and West Germany. A typical melanoma vic-tim is an office worker spend-ing most of his time indoors, then suddenly exposing him-self to strong sun. "What peo-ple don't realise is that in 10 days they can receive more ultraviolet from sunlight in the Mediterranean than during a whole year in the UK," she

Another possible cause of the increase in melanoma is the depletion in the ozone layer which protects the earth's surface from ultraviolet light. However, MacKie explains that the ozone prob-iem has existed for only 10 years, whereas skin cancer rates have been increasing for



Incidence Per million population 1973 Mortality Per million population

Changing the mixture now pale is beautiful

Paul Abrahams finds that worries about skin cancer have changed the recipes for sun cream

Manufacturers of sun preparations have tried to allay can-cer fears by emphasising the protective nature of sun screens, rather than the tanning properties of suntanning agents. They have been helped by the publicity surrounding President Reagan's nose operation for skin cancer in 1986, and hy articles in women's magazines highlighting the acceleration of the ageing pro-cess caused by ultraviolet

Euromonitor, the interna-tional UK market research company, which has just published a report on sun prepara-tions, estimates that growth in the sm care products market will average between 2 and 3 per cent in the US, UK, West Germany and France until 1991. However, this slnggish increase masks considerable changes within the structure of the market.

Suppliers have used sun pro-

"The price of stockmarket investments can

go down as well as up and the investor may

necessarily a guide to future performance.

Moreover past performance is not

20. "The ozone situation could make the epidemic situation worse, but you can't hlame it for what is happening. It will be a problem for our children and grandchildren."

The ozone situation could tection factors (SPF), which emphasise the protective nature of products, as a marketing tool to increase sales. In the US as suntan sales of sunscreen products agents. In the US case of the first time, it will sell as much sunscreen in the US as suntan agents. In the US case of the first time, it will sell as much sunscreen in the US as suntan agents. In the US case of the first time, it will sell as much sunscreen in the US as suntan agents. In the US case of the first time, it will sell as much surface that this year, for the first time, it will sell as much sunscreen in the US as suntan agents. In the US case of the first time, it will sell as much sunscreen in the US as suntan agents. In the US case of the first time, it will sell as much sunscreen in the US as suntan agents. In the US case of the first time, it will sell as much sunscreen in the US as suntan agents. with an SPF of five or more increased by between 15 and 20 per cent. Sales of suntan products with an SPF of four or less were barely above inflation at 3.5 per cent

Analysts expect sunscreens to be the growth market of the 1990s. The US has seen strong growth from products like Cancer Garde, from Eclipse Laboratories, which has an SPF of

"Sunbathers appear to be-getting smarter," says Joanne Brown, director of public relations at Schering-Plough. They are using a combination of suntan products. Low SPF for the first couple of hours and then a strong sunscreen so they can stay on the beach without burning.

"The competition in the sunscreen market is hotting up. Perhaps five years ago, there were about six or seven prodncts with an SPF of 15. Now there are some sunscreens

fastest growth over the last two years in the sun preparations sector has come from Uvistat, a subsidiary of Windsor Pharmaceuticals, which markets high protection prod-

Dark tanning creams have fared badly in the new cultural environment. In the US, sales of products without any protecon fell 2 per cent last year. In the UK, Bergasol, a product which until this season was marketed for its tanning properties rather than protection, has also seen its market share

As sunhathers become increasingly sophisticated in their use of sun care products, so manufacturers have attempted to use technology to meet their demands for greater protection. "The technology behind protection preparations is evolving rapidly," says Mar-tin Stockdale, head of the tol-

letries division at Boots, the leading retailer of products in the UK.

Stockdale explains that until recently most products were dedicated to blocking ultraviodedicated to blocking ultravio-let B (UVB), which has a wave-length between 290 and 320 nanometres and is responsible for most amburn. It is linked to most of the skin cancer associated with consistent sun exposure which are now com-

mon in the US and Australia.

However, manufacturers are turning their attention to ultraviolet A (UVA), which is between 320 and 400 nanometres. It is believed UVA causes premature ageing of the skin. The UVA forces collagen, which is the main component of the skin and provides its structure, to become cross-linked, less fierible and theretinked, less figrible and there-fore wrinkly. It is also thought that there is a relationship between UVA exposure and

There are two ways of pro-tecting the skin. The first method is through chemical

method is through chamical materials based on oxybenzone which absorb ultraviolet light and prevent it reaching to the lower areas of the skin.

The second is through pigments, such as zinc oxide and thankum dioxide, which scatter the light like a layer of gloss point. However, these materipaint. However, these materials, like paint, tend not to be transparent, which is fine for the noses of cricketers, but is far from congenial for those more bothered about their

We have put a lot of effort into finding an effective way of using zinc, because it is more effective than absorbing materials at protecting from both UVA and UVB," says Stockdale. "It also tends to be more neutral than the others and there is less chance of an aller-

gic reaction," he adds.
Stockdale explains that
Boots has now achieved a formula, using di-benzoyl methane derivatives, which is trans-parent and protects from both forms of ultraviolet light.

However, sunbathers who believe they are protecting themselves from cancer using sunscreens may not be safe. MacKie says that although sunscreens do probably protect against less serious forms of skin cancer, she is not sure whether they are effective

"Sun preparations may pre-vent burns," she says. "But it could be that melanoma is not caused by burning. The cancer could be activated by something that happens at the same time. We can all hope that douhle blocks against UVA and UVB work, but it a unproven."

Optical fibre that takes its own temperature By Geoffrey Charlish

YORK, of Hampshire in the YORK, of Hampshire in the UK, has jointly developed, with the University of South-ampton, an optical fibre that can be used to measure tomperature at any point along its 2km length. No conventional thermometers or sensors are thermometers or sensors are employed, only the sensing ability of the fibre itself.

The company, hased in Chandlers Ford, has supplied systems to a handful of customers, including the US Navy, and is seeking to license the development to other interested parties.

interested parties.
The system's Distributed
Temperature Sensor (DTS)
uses the fact that when a light

pulse moves down a fibre.
some of its energy is scattered
in all directions by the glass.
Part of this scattered light goes back to the start of the fibre, where the pulse was issunched, and it is picked up by special receiving devices. How much light the pulse scat-ters at the point it has reached is directly related to the tem-

How far the pulse has trav-elled and how much light it scattered at that point is me sured by the DTS "black box", to which the fibre is connected. An associated screen and keyboard unit could show, for example, a diagram of a cold store, the path of the fibre running round it and an alarm spot of light at any point that had exceeded a safe tempera-

The pulses move down the fibre at the speed of light so that, even at their extremely short duration of 75 nanosec-onds (thousand millionths of a second), they occupy a length of fibre of about 7.5 metres. However, to sense the temper-ature over a shorter distance, the fibre can be wound into a

in practice, the DTS uses a loop of fibre, transmitting and receiving from both ends. The black box can accommodate

four loops.
To acquire and process the data for one 2km loop takes about 12 seconds and the accuracy of the temperature measurement is one deg C over an operating range of about +600 to -100 deg C.

A four loop system costs about £40,000.

York can be contacted in the UK on 0703 260411, or in the US on (818) 955 8927.

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ANNOUNCEMENT hareholders of Joel are advised to exercise caution in dealing in their shares a levelopments are currently in progress which could affect the value of their shares.

This arises from a proposal by Joel to convert its S ordinary shares into ordinary shares. It is expected that the istings for S ordinary shares will be terminated on both The Johannesburg Stock Exchange ("ISE") and the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("LSE"). The listings on the 19E and LSE of the existing ordinary shares and the exchange S ordinary shares will be combined and listed under the same class of shares, that is, Joel ordinary shares. The proposals are subject to the approval by members of Joel at its forthcoming namual general meeting on 27 September 1988 and the approvals of the JSE and the LSE.

After the termination of listings all ordinary shares will assomatically rank as ordinary shares and in the event of a sale of shares marked as 3 ordinary shares, such acrip will be cancelled and a new ordinary share certificate will be issued to the purchaser. This new certificate will, however, be endorsed to identify scrip which may not be purchased by shareholders in the United States of America.

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Sburg 4 August 1988

Schlumberger

SCHLUMBERGER SECOND QUARTER **ISIX MONTHS EARNINGS**

New York, New York, July 21 - Schlumberger Limited reported net income in the second quarter of \$144 million, or \$0.53 per share, compared to \$30 million, or \$0.11 per share, in the same period a year ago. Revenue in the second quarter was \$1.35 billion, a gain of 22% over the \$1.11 billion recorded in the previous year. previous year. Included in these figures was a \$35 million (\$0.13 per share) gain from the sale of the Electricity Control & Transformers division of Schlumberger Industries.

Euan Baird, Chairman, said that, "Ollfield Services worldwide revenue grew 20% to \$677 million compared to an increase in revenue grew 20% to \$677 million compared to an increase in rig count of 15% over the same quarter of the prior year. Firmer prices for our services and market gains contributed to this improving situation. The weakness in the price of oil and gas has so far had little effect on oil company activity, but if present price levels continue to arode, the strength of the normal second half surge in rig activity in North America will be adversely effected." In addition, Baird pointed out that, "Schlumberger industries followed a record first quarter with an equality good second quarter. With every unit reporting a an equally good second quarter. With every unit reporting a strong order rate, we expect continued good performance from these businesses throughout 1988."

For the first aix months of 1988, including the \$35 million gain, net income was \$245 million, or \$0.90 per share, compared to \$35 million, or \$0.13 per share, earned in 1887. Revenue was \$2.65 billion versus \$2.21 billion in the previous year.

THE PROPERTY MARKET

RETAILERS have become increasingly aware of the value tied up in their property and some groups have emerged as significant developers and traders. Halfords in the perature Ward White group uses its property operations to service its retail business. Pentos floated off its property arm last June. PAUL CHEESERIGHT reports

of Hampshire is a finitely desired optical that a manufacture of an any point is a finitely for the continuous of the co NGLISH & Overseas
Properties has grown ships with Barclays, Barclays de Zoete Wedd and British
controls the Athena, Dillons and Ryman chains. "Grown out of in two senses — first means that it is generally only cd. only the control of the fibre the control of th because it originally handled the Pentos property needs and, second, because it has now been floated off as an indepen-

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dent company with Pentos, retaining 29.9 per cent.

Where once, R&OP was dependent on Pentos as its banker, now, as Mr Jim Clark, the chairman put it, "the whole of the capital and bankmg market is open to us." In

restriction by the series of the control of the con ARTIN MEECH is unequivocal At Halfords, where he is the the start of property retailing comes first and property supports the pair of the pair of

Lat the Pulse bas The car parts and bicycles group, which in the year to January 1988 lifted operating profits 47 per cent to £17.9m, is expanding fast into superstone of the path E second H and H; shops. light at any poet

The nature of its business means that it is generally only interested in short-term financing. "Our approach is that if we see a site we like, we buy it using our own resources. We never need long term financing because we trade everything." Mr Clark said.

E&OP's staple business is High Street shops - purchase, refurbishment and sale. This is a process which can be manrather than years. The com-pany has been doing about 12 deals a year and intends to keep up that rate while adding. one or two larger projects which will secure profits lon-

ger in advance.

The changed relationship with Pentos sprang largely out of a need on both sides to avoid areas of conflict. The more expansionist E&OP became, the greater would become its demand for Pentos funds. But Pentos also needed funds for the expansion of retailing. The amount of cash available at any one time required allocation, and that could have put

Pentos retailing arms. The flo-tation meant that E&OP would have no need of any Pentos

With its own credit lines in place and with full command of its own resources, E&OP has a greater ability to act quickly. "A lot of development is like waiting for a bus. You've got to be there to catch it and they'll come along three or four at a time. You've got to have the finance available, said Mr Clark."

Both Pentos and E&OP then have greater flexibility at a dis-tance from each other. Pentos has a director on the E&OP

seat on the Pentos board. Although Pentos has estab-lished a department to lease premises for its shops, E&OP can be retained as a development consultant as and when

How E&OP has developed

Since the early 1980s, E&OP has been undertaking develop-ments independently of any specific Pentos retailing needs. In 1986 and 1987, independent developments accounted for just over a half of turnover, but this year the proportion will be around 90 per cent.

The key thing about High Street development, said Mr Clark, is the necessity of maktal, rather than expecting a straight 20 per cent return on capital. an annualised return on capi-

"With some deals you are in and out in six weeks. Most last for four or five months. But if you only get a 12 per cent return on costs, that's annualised at 36 per cent. You can't look at this traditional develop-ment terms. It's a fast track operation," Mr Clark explained

properties. Indeed, most of E&OP's retail ventures have a completion value of less than

This sort of operation can only work with relatively small

The company is expanding into industrial development, in line with prevailing market trends, and for some of these ventures, said Mr Clark, "you're going to have three or four design team meetings. But with retail, the design team meeting takes place on site when we get the keys."

The advantage of this approach is that small-scale, quick projects limit the expo-sure. Financing costs are held down and the risk of becoming the victim to any sudden change in trends is diminished. Not that Mr Clark has any doubts about the future of the

into any High Street in the country - "it does not matter where it is." For its expanding industrial side E&OP has looked mainly in the South East. although it is now branching out in the North

West. E&OP has 20 projects underway with a value of £21.3. Pretax profits this year should be not less than £1.1m.

Halfords: where retailing comes first

The determination to keep retailing the first priority means that Mr Meech and his colleagues are not looking for a 20 per cent return as a developer cent return as a devel-oper would. But if there is a development loss and the retail side has to pay a pre-mium, that goes into the retail appraisal and a return has to be obtained on that payment. The retail side in any case has to pay market rents — there is subsidised accommodation. At the end of the day Ward White, the parent and paymas-ter of Halfords, is looking for a

25 per cent return on its investment, and, said Mr Meech, "every project has to have a payback in four years retail and property." If something is lost on the prop-erty swings it has to be made up on the retail roundabout. But that is for Halfords to work out. "Ward White gives us the financial support and leaves us to run the business. As long as they're getting the return on the investment, they're happy," said Mr

Halfords has a strategy

that is to say Ward White has agreed with it a certain level of investment. Whenever Mr Meech makes an acquisition needing capital investment, the proposal is put to the Hal-fords board and then sent on to Ward White for approval.

Within that strategy Hal-fords has identified up to 300 locations where it wants to start retailing operations.
They are divided into three categories, A, H and C, with the A locations being the highest priority. It is up to Mr Meech to deliver and also to

snatch up opportunities which might come outside the loca-

might come outside the locational list.

The main thrust of the expansion, which is directed at more than 40 new stores this year and 60 next, is on the edge of towns. But at the same time there is a search for better High Street locations. The two can play off each other.

At Altrincham, for example. At Altrincham, for example, Halfords wanted a superstore on the edge of town but already had a 4000 square feet High Street shop which was

coming up for rent review and

needed a refurbishment any-way. It did an exchange with Stam, which gave it a smaller shop in what it thought was a better location and obtained a premium from Stam.

The company found a 42,000 square feet warehouse on the main road out of town running towards Manchester, took 18,000 square feet at the front and sub-let the rest. The sublet and the premium from Etam covered the cost of get-ting into the new superstore. Because the sub-let space will be let at a 10 per cent higher

rate than the rent on the part

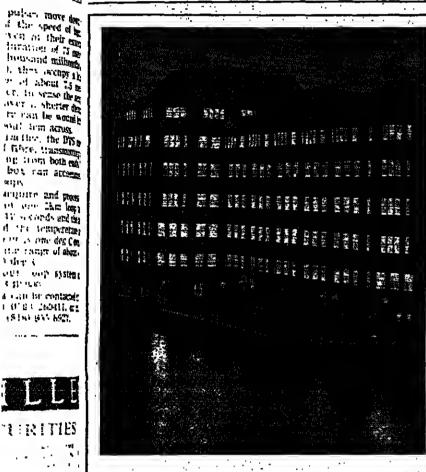
of the property used by Hal-fords itself, the property trans-action will show a profit after the first rent review.

The need to manage the Halfords portfolio has pushed the company into doing more of its own developments. Hence, recent land purchases in Bas-ingstoke and Poole. It is also not averse to joint develop-

In Salisbury, where the com pany had a prime High Street shop, it found an opportunity for a superstore within walk-

ing distance. It appreciated that the High Street site could be redeveloped, bought in the freehold and set np a joint venture with Bath and Bristol Estates. The profits from this, said Mr Meech, would be three or four times more a simple sale of the leasehold.

The next stage will be joint venture retail park develop-ments of four or five units where Halfords can take space but where units can be leased to other companies in the DIY. furniture and electrical appli-



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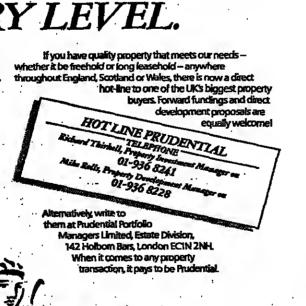
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* to small retail units between £1/2 - £1m lot size. Our turnover in property transactions last year was £500

million. This year we've targetted for a massive £800 million.

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NOTICE OF PREPAYMENT

Company Notices



Caisse Centrale

de Coopération Economique

FF 600,000,000 **Guaranteed Floating Rate Notes due 1993** Unconditionally guaranteed by the Republic of Frence

in accordance with Paragraph "Prepayment at the Option of C.C.C.E." of the Description of the Notes, notice is hereby given that Caisse Centrale de Coopération Economique will prepay at par, on the next Interest Payment Dale, September 7, 1988 the total amount remaining outstanding of the above-mentioned Notes. Payment of interest due on September 7, 1988 and reimbursement of principal will be made in accordance with

the Description of the Notes. Interest will cease to accrue on Notes as from September 7, 1988.

Luxembourg, August 5, 1988

The Fiscal Agent KREDIETBANK S.A. LUXEMBOURGEOISE



GEOFUND LIQUID ASSETS DISTRIBUTION NOTICE

NOTICE is hereby given that for the period from 1 Jenuary 1998 to 30 June 1998 B Distribution of US\$ 3.85 per income Share in payable from 12 August 1989 to holders of record on 30 June 1998.

hereby notified that their interest in the Trust Fund will be increased in respect of each shara held at 30 June 1968 to 1,7679480 Undivided Shares. MANUFACTURERS HANOVER ASSET MANAGEMENT LIMITED

Legal Notices

E & A WELDING COMPANY LIMITED IN RECEIVERSHIP

NOTICE IS MEREBY GIVEN, pursuant to section 48 of the insolvency Act 1985, that a MEETING of the CREDITORS of the above named company will be held at The Arches, Inn & Hotel, Alliami Road, New Brighton, Mold, Clwyd. CHY 5RO on Thursday, 15 August 1988 at 11.00 am for the purposes of having laid before it the report prepared by the joint admieltantaive receivers is accordance with the said section and, if thought fit, appointing a Committee.

Creditors whose claims are wholly secured are not entitled to attend or wote at the meeting. Creditors who are partly accured may only yote in respect of the bitaince of the amount due to them after deducting the value of the security, as estimated by then. A creditor in respect of a dobt due co. or secured by, a bill of exchange or promissory note must heat the itability of any person who is Bable on the bill antecedently to the company as a security hedd by furn (unless that other person is subject to a banicroptry order or in liquidation).

Craditors wishing to vote at the above mea-ing must lodge a tertitent statement of their ctalms with us at Cork Gully, 43 Temple Row, Bitmingham, B2 5JT no later than 12 noon on 17 August 1983. Forma of proxy are, if intended to be used, must also be lodged with us by that time.

DATED this 26th day of July 1988 John F Powell and Jan N Carruthers
John Administrative Receivers

Art Galleries

CYDSA S.A. FLOATING RATE NOTES DUE 1988-1991

NOTICE IS HEREBY GIVEN that for the Inserest Period commencing 5th August 1989, the Notes will beer interest at the case of 10 119 % per ansum, The interest psyable on 7th November 1988 epiciest coupon Mo, 16 will be US\$206.66 per US\$8,125 Nominal.

Public Notices

INSOLVENCY ACT 1986 N.D.T. (LONDON) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a meeting of the crediors of the above-named company will be half at 1 Wardrobe Piace, Carter Lane, London EC4V SAJ on the 18th day of August 1988 at 11.45 am for the purpose mentioned in Sections 100 and 101 of the said Act, that is,

Proxy forms to be used for the purposes of the above meeting must be ledged, accompanied by statements of claim, at the Registered Office of the company, sinusided at Booth, White & Co., 1 Wardrobe Pisce, Carter Lane, St. Paula, London ECAV BAJ not later than 4 pm on the 17th day of August 1988.

Notice is also hereby given, pursuant to Section 98(2)(a) insolvency Act 1986, that P W J. Harrigan of Booth, White S.C., 1 Wardrobb Place, Carter Lane, St. Pauls, London EC4V 54J is qualified to act as an insolvency practitioner is relation to the above company and will turnish crediters free of charge with such information concerning the above company's affairs as they may reasonably require.

In order to prevent any possibility of o printing error, the name of the Director or Secretary who has signed the above notice should be written below in block P.M. McMURTRIE

Clubs

WE has outlived the others because of policy on fair play and value for mon Supper from 10-3.30 am. Disco and musicians, plemorous hostesses, such



THEATRE

Too Clever By Haif (Old Vic). A fixing Gogolian production by Richard Jones of Ostrovsky's Diary of a Scoundrel in an old Rodney Ackland version, with remarkable Expressionist designs by Richard Hudson and a brilliant central performance by newcomer Alex Jennings. Until Approx 12, 6008 7815 credit card books.

a brilliant central pentings. Until August 13. (228 7515, credit card bookings 261 1821). Rasy Vittne (Gerrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Faver, but worth seeing. (379 6107). South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, Rodgers and Hammerstein musical, with Gemma Craven failing in wash the bartional Emile Belcourt out of her hair, (839 5989). The Phantom of the Opera (Her Majes-ty's), Spectacular, emotionally nour-

1. As Planton in the Opera test and the ty's). Spectacular, emotionally nour-ishing new musical by Andrew Lloyd Webber, (889 2244, credit cards 379 6131,640 7200). Pollies (Shaftesbury). Eartha Kitt and Millicent Martin now decorate and Millicent Martin now decorate Mileo Ocicrent's strong revival of Sondheim's 1971 musical, in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. (379 5389). Hapgood (Aldwych). New Tom Stopperd mixes espionage, romance and higher physics. Felicity Kendal is the eponymous intelligence agent, Roger Reas and Nigel Hawthorne in elegant support. (836 5404, credit cards 379 6238).

Amsterdam, Staddschouwhurg. The English-Speaking Theatre of Amster-dam in Agnes of God by John Piel-meier, directed by Bryce Pedarson. Thur. (24 23 11).

New York

Rew York
Cats (Winter Garden), Still a sell-out,
Trevor Num's production of T.S.
Eilot's children's poetry set in music
is visually startling and choreographically feline. (239 6552).
A Chorus Line (Shubert). The longestrunning musical in the US has not
only supported Joseph Papp's Public
Theater for eight years but also
updated the musical genre with its
backstage story in which the songs
are used as outditions rather than
emotions. (229 6200).
Les Misérables (Broadway). Led by
Colm Wilkinson, repeating his West Colm Wilkinson, repeating his West End role as Jean Valjean, the magnifi-cent spectacle of Victor Huge's majes-tic sweep of history and pathos brings to Broadway lessons in pageantry and drama. (238 6200).

in London will barely recognise its US incarnation: the skaters do not have to go round the whole theatre but do get good exercise on the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up, silly plot. (596 6510). Me and My Girl (Marquis). Even if the plot turns on ironic mimery of Pygnalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a dura ble Broadway int. (947 0033). M. Britisrfly (Eugene O'Neill). The surprise Tony winner for 1983 is a somewhat pretentious and obvious meditation on the true story of the French diplomats whose long-time mistress was a male Chinese apy.

(246 0230). Speed-the-Plow (Royals). David Mam applies his biting sercasm and ear for the enaggerations of American Speed-the-Plow (Royale), David Mame applies his biting sercesm and ear for the emagnerations of American language to Hollywood, to this screamingly funny and well-plotted exposé of the film industry. (239 2300). Stranger Heare Myself (Public). Angelina Roux performs two decades of Kurt Welli's songs to a one-woman show covering the composer's careers in Berlin, Paris and New York. (589-710).

Washington

Washington
Les Mistrables (Kennedy Center
Opera House). The touring company
of the international hit of last season
hrings to Washington the historical
sweep of Victor Hapo, set to music
and an insistent contemporary beat.
Ends Oct 15. (284 3770).
Stauth (Eisenhower). Stary Keach
and Maxwell Caulfield star in the
mystery pitting a writer against a
mild-mannered travel agent who's
stolen his wife's affections. (284 3879).

Tokyo

Comet Messenger - Slegfried. (Parthenon open sir theatre, Tame).
Described as a "sincitic theatrical fantesy on the evolution of man and his dream of flight", this production by Japan's liveliest experimental group, Yume no Yuminsha, returns to Tokyo following performances at the first New York international Festival of the Arts. Based in part on Wagner's Ring cycle, the play features three sisters called Val, Ry and Bie — as well as Galileo, Tom Sawyer, Nostradamus, a coelacanth and Godi Ends August 14. (496 1051).
Terms (China Saison Theatre), Nuria Espert in Federico Garcia Lorca's pootic tragedy of a woman cursed by infertility. Victor Garcia a famous production, with its giant trampoline suggesting a womb, made a lungs impression more than a decade ago, but might now seem somewhat dated. However, Espert is undoubtedly one of the world's greatest actresses. (In Spanish), Ends August 11. (535 0555). Opera-ca no Kaijin, better imown as The Phantom of the Opera (Nased Theatre). Japan's leading musical company, Shili, acquits itself well in what is a virtual carbon copy of the London original. The Japanese translation is often awkward, but Andrew Lloyd-Webber's gift for musical pastiche, Harold Prince's romantically evocative staging and Maria. Bjornson's stuming sets and continues make for an enjoyable evening. (503 3111).
Les Bitsérables (Imperial Theatre). This stirring musical adaptation of Victor Euger'a novel of the Paris barricades has returned to Tokyo for another four-month run. (201 7777).

EXHIBITIONS London

London
The Bayal Academy. Camme — The Early Years 1859-72. A concentrated and illuminating study of the formative period of one of the greatest artists of the 15th century and one of the seminal figures of the modern movement. Although he came to greatness in his middle and later years, his early period, far from being inconsiderable es had been generally suppresed, is now revealed in all its complexity and contradictory quality. Rads August 21.

The Hayward Gallery. (Two exhibitions). Angry Penguins is a faccinating study of a group of young paintern active in Melbourne during and just after the Second World War. Sydney Noian, Arthur Boyd, John Percaval and Albert Tucker are all shown in impressive depth. Also: paintings from the Fhillips Collection in Weshington. The collection's scope extends from the Fhillips Collection in Weshington. The collection's scope extends from the 16th century to the present day, but its great strangth is in impressionism and Post-Impressionism - Reague and Ficasso, Brunand and Matisse. Both shows run until August 14. British Museum. Uniyos — Images of Unknown Japan. This large exhibition of exquisite quality brings to us, through the work of the greatest masters of the wood-block print, the magical "Floating World" of pleasure and the senses that was the city of Edo (modern Tokyo) in the time of the Shoguns — from the 1600s until the Outside world. Until August 14.

Paris

Carte Musées et Monuments, sold in museums and Metro stations, enables visitors to avoid queues et 80 museums and monuments, including the Louvre, Musée d'Orsay and Versailles Palace.
Grand Palais. Le Japenisme. 400 exhibits bear witness to the enthusiasm which swept the Western art world for all things Japanese in the second haif of the 19th century. Monet decorated his house — even his doors — in Giverny with Japanese prints and huilt a Japanese bridge in its gardens. Van Gogh collected cheap Japanese woodcuts and represented them in his paintings. Closed Tue. (42.56.08.24). Ends August 15. Centre Georges Pouspidou. The Fifties, taking over Beaubourg for three mouths from the ground floor upwards. The postwar creative dynamism of the Fifties is represented by cars. comics, music, cinema, literature, industrial creation and — on the fifth floor — by visual arts. The great figures of Marisse and Pleaseo open the exhibition with works in hlack and white; monochromes by Yves Klein and Montana close it. (42.77.12.33). Closed Tue. Ends Oct 17.

husse d'Orsay. Two exhibitions celebrate, side by side, the golden age of photography. One covers the period from 1889 to 1815 with 200 photographs and names like Felix Neder, Eugene Arget, Lewis Carroll and Pierre Bonnard. The other pays homege to Gustave le Gray (1820-1880), whose visionary representations of the sea and the skies and poetical portraits combined with the perfection of his craftsmanship in keep photography in the domain of art—his lifeiong ambition, (46.49.48.14). Both exhibitions closed Mon. Ends Aug 14. Institut du Monde Arabe. Holy Places in Scuti Arabia. Magnificent architectural models of the Kaaba in Mecca and its black brocade vell with verses sée d'Orsay, Two exhibitions cele

from the Koran embroidered in gold, and of the Prophet's great mosque in Medina, provide non-Mesiems with a realistic image of the shrines of islamic pilgrimage, to which they normally have no access. Manuscripts works by the traveller Pichard Burion and 17th century Turkish ceramics complete the exhibition. 23 Qual Saint-Bernard (46.34.25.25). 1 pm till 3 pm, closed Mon. Ends Sept 18.

Amsterdam, Tropenmuseum. The arts and crafts of Indonesia, Illustrated with more than 500 objects in bronze, bamboo, textiles and precious metals spanning 2,000 years of cultural history. Ends August 21.

Cologne, Romisch-Germanisches
Museum, Caesar's Glass. This exhibition is the most important display
of Roman glass ever staged. It covers
the period from Caesar to Justimian,
from the first century BC to the 6th
century AD. The 162 pieces are mainly
goods from everyday life. The show
is a joint project between the Carning
Museum of Glass. New York, the Entiish Museum, London, and the Romisch-Germanisches Museum in
Cologne. Until Angust 28.
Munich, Haus der Kunst, 60 Princregenistr. An important exhibition,
centred on the city of Munich, which
provides a broad view of the West
German cultural scene. There are
about 640 works — paintings, graphics
and plastics — by 470 different artists,
including over 160 women. Twenty-two works by the Austrian painter
and sculptor. Alfred Hrelicka, form
the highlight of the show. The exhibition is organised by three group of
artists. Ends Sept 11. West Germany

Venice, Palazzo Grazzi. The Phoenicians. The fourth major exhibition at Flat's imposing art centre on the Grand Canal stremps to give a complete picture of this extraordinary people, who dominated trade in the Mediteryanean for over 1,000 years before their capital, Cartinge, was finally destroyed by the Romans in 146 BC. The exhibition has been given a highly thestrical presentation by the architect Gae Aulenti. Many of the 1,200 objects displayed (gold and silver jewellery, statues and reliefs in terracotta, bronze and tvory) are extraordinarily beautiful and the 750 paga catalogue, published by Bompiani, is excellent. Until Nov 6.

Switzerland

Hartiguy. The Gianadds Foundation is showing the second part of treasures on loan from the San Paulo Museum. Enritled From Manet to Picasso, it is aspecially rich in Renoirs, from society portains and little girls in frothy lace and pink and blue sain, to a fleshy mide. Van Gogh, too, is well represented with his famous Ariestenne and landscapes with formented trees. There is his fernors Ariestenie and landscapes with termented trees. There is Cécanne's portrait of his wife, a Tabiti scene by Ganguin, early Ficassos and Maner's Marie Lefebyre, riding side saddle all clad in black and looking as seductive as Bunnard's appealing nude or Dagas' ballet dancers. (13878). Ends Nov 6.

New York

American Craft Museum. An amb tious exhibition traces the history of American exhibition traces to the turn of the century, and emphasises the work of artists like Tiffany, Lawrie and Louise Nevelson who were commissioned to add art to the architecture. Ends Sept 4. Plerpoot Morgan Library. Over 300 items from the life and art of Bestrix Potter show the evolution of the artist and her work, included are the illustrated letter, discovered only months ago, to Noel Moore that became the basis of Peter Rabbit, and the entire sequence of 12 waterpolours from The Tailor of Gloucester, lent by London's Tate Gallary. Ends Aug 21.

Washington

Washington
National Gallery, More than 60 masterworks, from the superb 16th-16th
century collection of Munich's Alta
Pinakothek, include paintings by
Rubens, Rembrandt, Titian, El Graco
and Van Dyck, Ends Sept 5.
National Gallery (Sast Wing). To
mark the 350th anniversary of the
first Swedish colony in North America, the enthibition covers four Swedish monarchies in the 16th and 17th
centuries and shows Sweden as a
resplendent and aggressive world
power through objects and 100 paintings on loan from the Royal Treasury,
the National Museum and the royal
collections, Ends Sept 5.

Chicage
Art Institute. Photographs by Josef
Sudek. Using his native Prague as
the background, this avant-garde
photographer, who died in 1976, captured the lyrical quality of the Casch
people and the country's beautiful
landscapes. Endis Sept 5.
Art Institute. More than 50 Dutch
and Flemish 17th century insstarplaces from the Hermitage in Lendagrad, including works by Rembrandt,
Rubens, van Dyck and Frans Hais,
kick off a collaborative effort by US
and Soviet museums Ends Sept 18.

Tokyo

Telen Museum, Meguro. Masterwaks from Europe. A summer exhibition aimed at Japanese families who might wish in introduce their children in amen ar Japanese mannes with might wish in introduce their children in Western art. Shriy-nine works are on show, mainly impressionist and Post impressionist, all drawn from public and private Japanese collections (which have been able to go on a spending space recently as a result of the strong yen). They range from Bennir at his most sentimental to late Picasso lithographs and a selection from Matisse's mighty Jazz series. The museum is a former imperfal residence and has a superb Art Deco interior and a pleasant garden. Closed August 10, 34; Ends September 4. National Museum of Modern Art. The Image of Man in Modern Japanese Art, grouping portraits from the museum collection. Closed Mondays. Siccar Museum. A pictorial diary and other works by the sarty 19th century master of the Ukiyoe wood-block print, Ungawa Biroshiga. Ends August 28. Suntory Museum. Chinese glessware of the 5th Denesity (1644-1911) from

August 28.
Sentory Museum. Chinese glassware of the Qin Dynasty (1644-1911) from the collection of American businessmen Robert H. Clague. The works range from simple meense burners, howls and gourd-shaped vases in translucent coloured glass to elaborate showpieces indicating jade or porcelain that makes virtuoes use of techniques in which Chinese craftsman were particularly skilled, such as carved relief and coloured overlay. Chosed Mondays, Ends August 28. Cipsed Mendays. Ends August 28. Japan Folkeraff Museum (When Min-gelken), Komabe. Crafts from India. The museum is in an old Japanese The museum is in an old Japanese farmhouse building which accords perfectly with the unselfconacious beauty of the objects. Closed Monds

MUSIC

London Lyons Opera Orchestra, conducted by John Eliot Gardiner, with Fran-cois-René Duchable (piano) and Zolise Toth (viola), Biasel, Bauré, Ravel and Berliot. Royal Albert Hall (Mon). (889 877)

Berlier. Royal Albert Hall (Mon). (889
8213).
BBC Symphony Orchestra, conducted
by Matthias Ramert, with Philippa
Device (Orno). Beethoven, Mosart
and Schognberg, Royal Albert Hall
(Tue).
BBC Scottish Symphony Orchestra,
conducted by Jerzy Maksymink, with
Barry Tuckwell (horn) and Yvonne
Kenny (soperno). Shelius, Thea Musgrave, Britten and Mosart. Royal
Albert Hall (Wed).
BBC Scottish Symphony Orchestra,
conducted by Jerzy Maksymink, with
Margaret Marshall (soprano) and
Christine Calms (mesno-coprano).
Mendelmohn, Gerhard and Falla.
Royal Albert Hall (Thur).

Maria-Cacilia Farina (organ). Freecob-aldi, Scarlatti, Bach. Saint-Severin Church (bion 8.30pm). Quathor Boussel. Buydh, Arriaga, bicustr. Auditacium dea Balles (Tue

7 pm). Veronique Distchy (soprano). Scar-letti's instrumental compositions OPERA AND BALLET

Leningrad State Kirov Ballet moves from the Business Design Centre in Islington to the Royal Opera Rouse, Covent Garden on Tuesday with Le Consulre.

London

Gossare.

Moscow Classical Ballat opens a short senson on Tuesday, with a new Swam Lake, at the Business Design Cantra, believed. lalington.
Collectin. Dence Thestre of Harlem.
Loyal Factival Hall. London Pastival
Bellst in La Sylnhide.

. . . in Doclen at the

Crest Hotel

Salve Regins; Stabut Mater. Saint-Severin Church (Wed 8.30 pm).

All the above are part of the Festival Estival (49.04.98.01; answering mechan in English round the clock 47.30.28.89.96).

Arrester darts
Rational Youth Orchestra of the
Netherlands, conducted by Adam
Gatahouse. Bruckner (Tue): Heinrich
Schiff, cellor. Bach (Thur). Concertsebouw (718 345).
William and Mary candialight concerts, Gustav Leonhardt, ongan. Sweeinck, Van Noordt, Byrd, Bull, Tumkins, Blow, Purcell (Mon). The Sixtaen
Consort under Harry Christophers:
Purcell (Thur). Nieuwe Kerk, Dam
Squane.

New York

Mow York
Mostly Resert Fustival. Cleveland
Quartet, with Emanuel Ax (biano)
and Paula Robinson (flute). Mosart,
Mendelscohn, Schumson (Mou).
Mostly Mozert Pestival Crobseira,
Occity Mozert Pestival Crobseira,
Colarinet). Rossini, Mozert, Schubset
(Clarinet). Rossini, Mozert, Schubset
(Tue, Wed). Avery Fisher Hall. Lincoln Center (S74 3430.
Juilland Concerts. The Dephnis Trio.
Bach. Pachelbel, Fauri. (Wed 12.50
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the title role. Giselle, with the original choreography, denoed by Margherita Parille and Mario Marcazi alternating with Lucia Colognatu and Salvatore Capozzi. Le Fancinile del West, con-thetied by Pinchas Steinberg. (86.17.55).

Verone

Arens dt Verena, Jean-Claude-Arens dt Verena, Jean-Claude-Auvrey's production of La Glocomia, conducted by Christian Bades, Pietro Endi's sumptous 1867 production of Alta, conducted by Donato Remeeti. Turandot, conducted by Nello Santi, with Chena Imitrova shornating with Eva Marton. Ballet by Lorea Massine, to Theodoxakia's Zorba the Greek: (590106).

Wolf Trap Fastivel, Popular Music Concern this week include Ray Charles (ston) and a Soviet-American text combination of Faul Water and the Dimitri Polynowky Singara (Ital) Iscael Phillmannenia, conducted by Eurt Masur, Benthiwer, Musicarphy, Haydn (Wed), (62 500).

Envision Rectival, Louis Lords pieno rectial. All-Choids programme (Tua). Chicago Symphony Orchestes, conducted by James Coulon Enusan, with Vindenis Feltzmen (piezo). Husongsky, Bachmentonff, Downk.

Hiroko Kakamara (piano), with the Rice-Japan Philharmonic Cuchastra conducted by Shigoo Genda. Chopin. Suntery Hall (Rice). 639-9765.
Tokyo Matropolitan Symphony Orchestra, conducted by Kathahi Ohno, with Nacord Mutsui (cogan). Museorgaky, Saint-Sases, Suntery Hall (Tues). (Siz 6727).
Koto and flute recital by Sawai Kame and Nishizawa Yukihiko. Vario Hall (Wed). (Siz 4151). Tokyo:

Testre di Verdura di Villa Casten-nove, Bolshoi Ballet and orchestra in Ghaunov's version of Petipa's Ray-monda. (58.15.12).

New York

New York City Opera. The week for-tures La Travista, Madame Butterity. Mediatolele and Die Zauberitöte. State Theater, Lincoln Center (465 0600). Out-of-Doors Festival, Lincoln Center. The mouth long and usually day long free performances in the planes and Democe Park feature at 8.15 Lincol Dance Company (Tuo) and Muntu Dance Theatre of Chicago (Thur). (877 2011).

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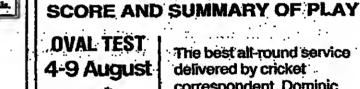
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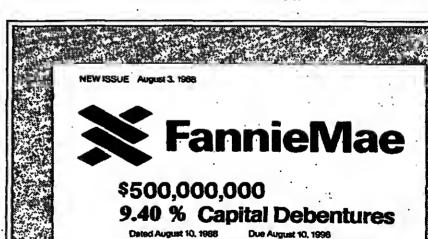


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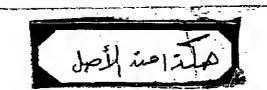
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A GAR

This year sees the 60th anniversary of the birth of Jean Barraque, The occasion has gone largely unremarked, while the birthday of his exact contemporary, Stockhausen, is being widely and loudly celebrated. Barraque died in 1973, and his reputation is no doubt still suffering the echipse that conventionally follows a composer's death, but during his life his champions had done him no favours, and the extravagant claims made on his behalf, most notoriously by André Hodeir, together with the slenderness of his finished output (just seven works) has always placed him apart from Bouler, Stockhausen and the other composers of the total-serialism generation.

Two of Harraque's meet substantial works remain unperformed in Britain, and as both of them. ... are dels du hesard and Le Temps restines, are intimately if nat insestinually related to Hermann Broch's massive novel The Death of Youle, one might have thought that this of all Proms seasons, with its literary theme, would have been the ideal occasion on which to repair the omigrated day's late-night Prom from Kensington Town Hall, when Roger Woodward has made the sonata his own in the last two of 1952.

Woodward has made the intensity, make it less wedded to its epoch even than, dare one say it, the sonatas of Bou-lez or the piano pieces of Stock-hausen. Hodeir linked Barraque's name unashamedly with Beethoven, and — hype not-withstanding — the scale and seriousness of the sonata, and the elemental passion of its discourse, conjure undeniable Woodward plays it still with demonic intensity. The way in which the continuity of the

water the continuity of the second section is progessively eroded by irregular silences until all articulary has been destroyed remains one of the most striking processes in all post-war music, and his far-yent, fearless playing destroyed none of that disturbing power. ing power. He followed the sonata with the most singular of Stockhan-sen's cycle of piano pieces from the 1950s, the night and the

the 1950s, the ninth and the eleventh. In these days of pernicious minimalism the 200 odd repetitions of a single chord with which the ninth Plano Piece opens seems a raintively moderate gasture, and certainly the hazy impressionism into which the piece subsequently dissolved under Woodward's control did much to integrate that unpromising opening into a more profound examination of keyboard sonority. The Eleventh's multiple-choice score has become one of the classic texts of aleatoricism; Woodward selected all the possible options to produce a capriof 1952
Woodward has made the sonata his own in the last two decades, giving the first British performance in 1971 and later recording the work under the composer's supervision. Its constructivism remains as refractory as ever, but the sheer scale of the music (some 40 minutes), and its sustained options to produce a capri-cious, quick-witted version that belied the work's prosely-

Andrew Clements

CINEMA

Rogue director loses his magic touch

olcoms ahoard the Disorient Express. Our journey from reality to fantasy will take us 91 minutes and we shall be travelling at over 100 mph. Do not be alarmed if the scenery wobbles a bit, for your driver is Nicolas Roeg, famed for taking swerves round unadvertised bends in time and space, and your navigator is Dennis Pot-ter, likewise no respecter of

straight lines.

Track 29 sounds like the dream British movie ticket. Televison's most daring playwright, adept at socking it to Aunt Edna and Auntie BBC with stuff such as The Singing Detective, meets the cinema's ace visionary, director of Don't Look Now, The Man Who Fell To Earth and Bad Timing.

And for the first half of their teaming, Potter and Boeg hit it off grandly. We are somewhere in North Carolina, where the puths of three oddballs are converging. Young English hitchdream British movie ticket.

TRACK 29 directed by Nicholas Roeg HAWKS directed by Robert E Miller

hiker Gary Oldman thumbs his way through the sticks while handing out eccentric advice to unappreciative truck-drivers ("Everyone should have a mother"). Unhappy housewife Theresa Russell lives in a Theresa Russell lives in a woodframe dream-home, her days days gnawed by thoughts of the child she wants to have and of the sexless husband (Christepher Lloyd) who is milkely ever to give her one. Hubby is a doctor by profession and a train fanatic by pastime, His hobby has taken over the whole upper floor and his relationship to his wife is, you might say, in loco parents. reasings up to his wife is, you might say, in loco parents. She, coy and suppliant in ribhoned nighties, calls him "Daddikine." He, long-suffering in specs, treats her like a tire-some child.

This sounds like the perfect. This sounds like the perfect. Dennis Potter marriage: incipient murder lurking behind the marmalade. And for 40-odd minutes, as Roeg and Potter treat the story as scatheaded surreal comedy, it works. When hubby goes off to work one day, suicidal Russell is saved from drowning by Oldman, who materialises by her

son from a long-ago moment of passion at a fairground. "Be so kind as to cast your mind back to the summer of rock and free love," he intones. And sha doos. Cne multi-colonred sparks and hisses and the first of several eyehlink Roeg flash-

Soon mother and son are pouring their hoarts out to each other, scheming to dispose of Dr Lloyd (and his locos) and sealing their new-found passion in bed. "I've decided to have my American childhood," pronounces Oldman, who seems to be having that and much more. The only question is: Does Oldman exist? Or is he is merely a figment of Miss R's

wish-fulfilling imagination?
The movie is indebted might-ily to Potter's TV play Schmoe-

dipus and to the deathless Jew-ish provers which gave that work its name. ("Oodipus schmoedipus - what's wrong with a boy who loves his mother?"). But the master-stroke of handing these black-cemedy Variations on a Thoma-

comedy Variations on a Theme of Incest to a director like Roeg goes away. No sooner are the

goes awry. No sooner are the movie's characters and plot-pieces brought together than the movie starts falling apart. In a story already hrittle with fantasy, Roeg's wizardry with time and trompe l'oeil — split-second flashbacks, mirror-im-age deplications, confusions

Timothy Dalton and Anthony Edwards in Howks

instead of reinforcing each other, engage in mutual Or when, as with this film, the Worse still, as the film's later reels drag on, is Mr Roeg's determination to show-

case Mrs Roeg (Theresa Russell). While Oldman subtly rivets the attention with his ets the attention with his alternation between sancy interloper and spoilt child, Russell hams it up no end as our Madame Bovary of the American South. Scored monotonously for Southern whine her voice ets or Botwhine, her voice sits on Pot-ter's linea and squashes most of them flat. When Roeg gives her a TV to compete with in her climactic scene - excerpts from Cape Fear burbling away as a symbolic parallel to the plot – things go from bad to worse. One sympathises with the response of the best friend

rabbit has already been pulled from the hat by the film's writer, and further attempts at prestidigitation by the director seem both laboured and counterproductive.

Next, Hawks, and from hats and rabbits to red noses. The

gift of laughter is precious: so precious that it should never becomo ovangelistic. If, like me, you thought Comic Relief week was the most mirthless event in recent British history – all those comedians flogging hilarity at us like door-to-door salesmen (and yes, I know it was in a good cause: that was helf the trouble) — Kenkr will half the trouble) - Hawks will freeze your funny-bone.

The good cause here is Life.
Timothy (007) Dalton is the
knockabout chap in the terminal ward who determines to
knock some fun and sense into American footballer Anthony Edwards, who is dying of an unnamed muscular disease in

With Track 29, the

suspicion emerges that Nicolas Roeg is becoming a conjuror

on auto-pilot'

the bed opposite. After sundry japes, pranks and failed suicide bids (by Edwards) in their London hospital, the two hi-jack an ambulance and vroom off to Amsterdam, aiming to go ont in a blaze of glory at a hrothel.

But fate, as they say, intervenes. Our two heroes run into but unfortunately not over two warmly wacky English girls also voyaging through the Nathorlands (Janot McTeer and Camille Coduri). Soon it is clear that a little romantic warmth is going to be more important than a night of proiscuous abandon, that an intimate smilo means more than an impersonal orgasm,

that, . . and so on and so on. Written by Roy Clarke (of Last Of The Summer Wine) and directed by Robert Ellis Miller directed by Robert Ellis Miller (Reuben Reuben), this fey fable witters on for a minor eternity amid photography hy Doug Milsome that would be flattered by the word "murky." The acting alone transcends the prevailing mlasma of moralising and sentimentality. Misses McTeer and Coduri could clearly grapple with stronger roles if given the



A scene from Track 29

chance, and Dalton, wboso suporglued jaw-muscles suit James Bondery better than jol-lity, does wonders in inviting sympathy for a character I would have no bestation in asking to have removed from my terminal ward.

Many of you are probably thinking that London's movieland is now a terminal ward. But do not despair. In what must be the worst summer for new films since records were kept, why not sample some old

All tastes are catered for in our thriving repertory circuit. There is Sci-Fi at the National Film Theatre, with the likes of Crononberg's The Fly and

Shivers offoring terror therapy for the willing. Jazz cinema is in full swing at the ICA, with everything from Kirk Douglas as Bix Beiderbecke (in the 1950 as Bix Beiderbecke (in the 1950 Young Man With A Horn) to Charlie Mingus in filmed concert. Fellini, Warhol and Fasshinder hold sway at the Scala. And with some doughty footwork round the city you could be one-up on your friends hy catching sneak previews of two hot-ticket films: Peter Greenaway's Cannes-laurelled Drowning Bu Numbers at the Every. ing By Numbers at the Everyman (Sunday), and at the Ritzy the wondrous and peculiar Australian documentary Cane Toads (Saturday). More on the latter soon from Edinburgh.

Nigel Andrews

Suite en blanc COVENT GARDEN

Of the two works on offer in last night's programme by the Australian Ballet, ono -Lifar's Suite en blanc - is a ballet, and a fine one. The other — Maurice Béjart's Galeté Parisienne — looks like nothing so much as jigging on ths graves of Offenbach and

Leonide Massine.

That both pisces inspire sound and often laudable performance by the Australian artists is testimony to their stamina, and a certain sunny resilience that enables them to take the leaden caprices of the Béjart item without developing a fit of the megrims.

Suite en blanc is an exercise in neoclassic style and transcendant virtuosity, where wit, elegance, and a delight in technical challenges, must give the

nical challenges, must give the steps the highest polish. The Australian cast have caught much of the Lifar manner. They know how to stand, to offer ports de bras to their public, to jump, beat and ride on Lalo's marvellous rhythms.

Lalo's marvellous rhythms.

Some of the soloists lack conviction - Lifar's very personal language must be savoured, its every turn and pose shown off with pride = but the ensemble is strong, and Elizabeth Toohey and her quartet of mon rival French quartet of men rival French quartet of men rival French casts I have seen. In Fiona Tonkin, to whom falls the passed decreased the Character of the capacital and glorious province of Yvette Character, the ballet finds a young artist ship to enchant both steps and audience: it was a performance of exceptional delicacy, and the role is safe with her.

delicacy, and the role is safe with her.

That the Australians perform Bélart's assault upon the Second Empire which passes itself off as Gaieté Parineme, wins my nomination for bravery over and above the call of duty. This is Bélart as a maker of fantasy — phantasuagesta

is perhaps a better word -upon a theme. A terminally cute youth. called - how quaint - Bim, wants to be a dencer and for reasons best known to M. Béjart does so in Offenbach's Paris. Truckloads of allusions, to the world of Winterhalter, and of the ballet, to revolution and the camaraderic of the dance world, are unloaded on stage in incoherent fashlon.

stage in incoherent fashion.

Unwisely, certain performers speak and sing — and the apsault upon "Tu n'es pea bean" from La Perichole is probably the most desperate moment in a piece devoid of musical distinction — while some of the dancers put on thirty hoses, and play to the bouse. Intermittently, memories of Massine's jolly ballet of the same nearly synahose by the crassness of Béjart's mannerisms.

mannerisms.

What makes the event bearable is the energy of the Australian dancers' playing, and in particular the bold performances by six men: David McAllister, Adam Marchant, Steven Heathcote, Stephen Holford, Mark Paca, Gres Horsman, They ment mention by reason of their strong techniques, clear personalities, and their willingness to give themselves to Relation benefity.

Mark Annear does very well

Mark Annear does very well as Birm, heeping cool at even the most portionally winsome moments. The accompaniment is fragmentary. Offenhach degraded my sympathies are with the conductor, Ormshy wilking who had earlier made very good sense of the beauties of Lalo's music, and here must lead himself to the filleting of a vivid score. Of such acts of brutalism are made evenings with M. Bajart.

Clement Crisp



Jane Arden and Aiden Waters in Babes in Arms

Babes in Arms

to whom Miss R is hysterically pouring out plot points we have already gathored: "But Lindy," (bleats the friend), "why are you telling me all this?"

Roeg's early films - Performance, Walkabout, Don't Look Now - announced him as a

blazing original among British

directors, Even more recently, with Eureka and Castaway, his flair for seeing reality prismati-

cally, as a splintered structure

of secret colours and mean-ings, has lent thrilling inten-sity to films that in poorer

hands might be routino story-movies. But with *Track 29* the suspicion emerges that Roeg is

becoming a conjuror on auto-pilot; a man addicted to bring-

ing rabbits out of hats even when the rabbits are tired and

OPEN AIR THEATRE, REGENT'S PARK

this is the stage ver-sion of the immortal Mickey Rooney/Judy.
Mickey Rooney/Judy.
Garland "let's do tho
show right hore in the barn"
movie? No, actually. When MGM camo to film the 1937 Broadway success they jetti-soned many of the Rodgers and Hart songs and padded out the show with numbers by other hands. Restored for Ian Talbot's production in the Park, the score is revealed as a gold-mine of imperishable standards, including "I Wish I Were in Love Again," "Where or When," and "My Funny Valen-tino," the latter unconnected with February 14 but a wry love-song to juvenile lead Val.

The original cast boasted such young hopefuls as Dan Dailey, Alfred Drake and Rob-ert Rounsville (later to be Bee-cham's cinematic Hoffmann, Stravinsky's first Tom Rakew-ell and Bernstein's Candido). The Now Shakespeare Com-pany gives us the season's

gutsy Perdita and Hermia as a splendidly scheming gold-dig-ger, Antolycus and Puck as a ger; Antolycus and Puck as a grotesquely toothy angry young playwright from the Doep South; Polyxones and Theseus as the deus ex machina, a "Broadway producer genius"; and sundry lords, fairies, base mechanicals and Bardie lowers as the kids who Bardic lovers as the kids who put on a revue to save their

The slender plot tells of the

junior thespians' struggles against the scornful theatre manager (David Honry in a loud suit, a long way from his Antigonus), an egocentric author (Cliff Howolls, whose robust comedy this season shows him a fino Shakespear-ian clown) and a former child star's imperious mother. A gum-chswing Sheila Allen in magnificently haughty form embodies the latter, under-standably provoking the mock-ing irony of "The Lady Is a Tramp." This is put over with

hrisk, np-beat directness hy Jessica Martin, hitberto best known for television work hut who looks and sounds as if she has stopped off the silver screen circa 1940. Hor climactic rendering of "Johnny One-Note," leading a company of hoofing, singing boys and girls variously in bolero jackets and hair-hows, as the Park's vege-tation sparklos with fairy-lights and Simon Highest's conlights and Simon Higlett's set flashes a Broadway theatre-sign, is the real thing.

The young cast's dancing (Kenn Oldfield choreographs, as in Winter's Tale) is snappy and whole-hearted. As yet a fantasy sequence in which ambitious Terry imagines her-self a star lacks absolute conviction - the company here needs to relax more and enjoy

Paul Reeves, the ruefully-addressed Valentino, and Debra McCulloch, the sturdy Dorcas from Winter's Tale, are tho

plucky youngsters for whom tbo course of true love is bumpy if oupbonious. As so often, they are almost eclipsed hy the secondary couple, Jane Ardon as the hard-boiled career-girl with a soft centre and Aiden Waters as the wimp who finally answers back. (In who finally answors back. (In their high-kicking routine Mr Wsters is especially memora-blo, turning cartwheels and doing back somersaults.) Briony Glassco, noted in these columns three years ago in a student Sondhoim anthology, contributes to the spell of contributos to the spoll of "Where or When". Ian Talbot's direction is robustly farcical; wo could do with more of such time-honoured routines as Mr Howells scrupulously avoiding three times leaning on a table that he knows (as we do) will collapse, and finally doing so. Beautifully executed, the business reminds us that the familiar can be just as funny as the

Martin Hoyle

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Dated: August 1, 1968

BY ORDER OF THE BOARD OF DIRECTORS

Ring Round the Moon

Chichester was a great place for Anouilh's plays in Sir John Clements's day, and it is good to see one bere again. Ring Round the Moon is Christopher Fry's vorsion of L'Invitation au chateau – vorsion, rathor than mere translation; Fry does not writo mere translatious, and moreovor one of Anouilh's scenes, left out in his first production, has been roconstituted, and one scene added at Peter Brooke's request.

Anouilh's hero is a pair of identical twins, uephews of tho wealthy Mmo Desmortes (Goo-gie Withers). Hugo is cold and calculating, Frederic is affectionate and kind, both are Michael Siborry, a young romantic actor of much charm Diana, daughter of the rich businessman Messerschmann, (Linda Thorson) is engaged to Hugo, but Hugo, in order to persuade her to transfer to Frederic, hires an attractive dancer, Isabelle (Holly Aird), to inspire an atmosphore of jealousy. To tell all the complications would be, in my favourite borrowed phrase, like decant-

ing champagne.
The ball that occupies most of the evening offstage, is a parade of amusing folk in sutsrtaining situations on stage. Capulet (Madge Ryan). who trundles Mme Desmortes in her wheelchair, is an old friend of Isabelle's talkative. ambitious, common mother,

and smuggles hor into the ball as a false comtesse. Isabelle has stand-up fight with Diana, and Diana's rich father, dis-couraged by his failure to bribe Isabello to leave the field clear for his daughter, tears up handfuls of money. There is even a comic butler (Michael Denison).

It all adds up to a most enjoyable evening under Elijah Moshinsky's adept direction. The appearance of the twins at what should be only-just-possible intervals is not ideally managed, though. Too often one simply sees Mr Siberry leave the stage and immediately turn round and return, but no doubt this will improve in s while.

The set by Saul Radomsky shows the frontage of a handsome house with a terrace in front where all the sction takes place between two tall brass palms. (There is a door in the frontage where action is occasionally set that cannot be visi-ble to all the house.) The delightful costumes worn by Isabelle, Diana and indeed all the ladies, are designed by Luciana Arrighi, and music by Richard Rodney Bennett sounds prettily offstage as if at a film. This is one of the most pleasant Chichester evenings I have been to for quite a while.

B.A. Young

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Two views on Europe

IT IS a long time since council of ministers or other differences between Britain and France over development France apparently considers of the European Community have been etched as sharply as in recent exchanges over how much economic policy integration should accompany the planned single market. However, the nature of the divide is quite unlike those in the past and says much about shifting political attitudes in Europe.

France is in the vanguard of demands for EC fiscal harmondemands for EC listal narmon-isation, monetary union and creation of a European central bank. Mrs Thatcher — invok-ing approvingly the views of General de Gaulla — is staunchly resisting the loss of national sovereignty implied by such proposals, and has scorned as "airy-fairy" any idea of a United States of Europe.

It is ironic that Britain seems to be embracing the Gaullist vision of a Europe of nation-states which France has now forsaken. The watershed in French thinking was the failure of its go-it-alone dash for growth in the early 1980s, which brutally revealed the limits to national policy autonomy in an increasingly interde-pendent world economy. Since then, Paris has abruptly switched tactics and focused on the wider European dimension. Its determination to cling to a fixed parity in the Euro-pean Monetary System and its eager mobilisation of popular support for 1992 are clear evi-dence of its new approach.

European high table It would be premature, how-

ever, to conclude that France has also abandoned Gaullist opposition to supranationalism or its long-cherished pretensions to European leadership. Paris is at least as wary as London of entrusting new powers to the European Commis-sion, and is quick to challenge any furtive attempt by the lat-ter to enlarge its own role. In the French view, decision-mak-ing authority must remain firmly under the control of governments as opposed to not reactionary chauvinism, bureaucrats. What has while France needs to dispel changed is that it now believes any impression that it is

that increased European inte-gration is both inevitable and offers a more effectiva channel for promoting its own national interest than continuing to act on its own. Offering now to compromise on sovereign precomprisines on soveragh pre-rogatives, such as control over monetary policy, is viewed as a small price to pay for a promi-nent seat at a future European high table — and a big say in the table's design.

Good grace

Britsin's EC posture has also evolved in the past few years. It has learned to negotiate constructively in Brussels, helping to secure decisions on agriculture and budget issues which have been good for the Community as well as itself. The government has also accepted with good grace increased EC intervention on UK state aids

and competition issues. Yet where the UK diverges most clearly from France on the future of the Community is in its clear reluctance to enlarge greatly the scope of joint decision-making in Brussels. In its view, more is to be gained by a series of little steps, such as making more use of the Ecu in international financing, than by grand leaps of faith towards European

It is easy to dismiss such assertions merely as a smokescreen masking a lack of EC commitment. But than France's approach could be interpreted equally as a cold calculation of national advan-tage dressed up in Euro-rheto-ric. If that is all there is to the

two countries' positions, the debate is likely to prove sterile. However, the opposing arguments can also make legitimate and positive contributions. Europe needs both the spur of Galic vision and the discipline of Aprilo Saron was discipline of Anglo-Saxon pragmatism. To win decisive influence in the debate, Britain must convince the rest of the EC that its prime motivation is not reactionary chauvinism, changed is that it now believes any impression that it is-more of those decisions need to be taken jointly in the EC grab leadership by stealth.

End of an era in Singapore

being more profoundly revised this year than at any time since the country broke from Malaysia in 1965 to become fully independent. In Septem-ber, Mr Lee Kuan Yew, Prime Minister since 1959, reaches 65, the age at which he has said he will contemplate stepping down, or as the case may now be, stepping up.
The man and the nation

have, in the past three decades, become almost synonymous Harry Lee, as he was better known in Britain during the fight for independence and the subsequent fierce struggles against the communists, has been hailed as a model for post-colonial leaders. He had a vision for his country and strove for it. In large measure he succeeded, without aban-doning the structures of demo-

cratic government.
The response of Singaporeans is obvious to any visitor reans is obvious to any visitor to the country. They have created a highly efficient state, largely through their own commitment and virtually unaided by natural resources. The resilience of the economy has been proven by the swift climb out of the 1985 recession to an anticipated growth rate this anticipated growth rate this year of 8-9 per cent. The economy has been specifically tai-lored with the foreign investor in mind. Political stability, excellent communications, highly disciplined labour and internationally competitiva costs have been the main yard-sticks against which Mr Lee bas measured his country's

Winning formula

So why change any part of this winning formula? It could have been that Mr Lee felt the need to meet a demand from the better educated part of the population for less govern-ment, and more precisely, less interventionist government. However, the reverse appears to be the case. The successful leader seems to lack faith both in the system and in those who will operate it after he has left

The white paper tabled in parliament last week proposes an additional tier of government: an elected but non-exec-utive president who will have the power to block government decisions on the spending of the country's reserves and will

IT IS NO coincidence that the constitution of Singapore is being more profoundly revised this year than at any time have a decisive voice in the appointment of all senior civil servants. He will also have the right to attend and address parliament. It is being argued that Singapore has hitherto lacked one of the checks and balances provided for in bi-cameral democracies. The new President will, it is said, act as the state's custodian to ensure, that a future Parliament behaves with financial responsibility and does not dilute the quality of the civil service.

Main flaw

Mr Lee would undoubtedly have fought such a proposal vigorously had any of his colleagues sought to enact it during the past nearly 30 years.

And herein lies probably the main flaw of an elected presidency as proposed. It appears to be a reaction to personal rather than institutional cir-

The option was there to cre ate a small upper chamber with many of the powers that are to be given to the new president. Even the same require-ments for candidates could have been imposed, ensuring that they were experienced, proven politicians. Instead, the power is to be vested in one power is to be vested in one man, who as stated in the white paper, must on occasion have the courage to tell the prime minister and parliament they are wrong.

There is a measure of inevitebility, even agreement, in Singapore on who that man should be. But there will only be one Lee Kuan Yew in the

be one Lee Kuan Yew in the history of the nation and, should he suddenly no longer be part of the political scene, the presidential option could pose even greater risks than Mr Lee currently perceives in nominating a prime minister to

replace him.
During the past year Singapore has caused concern among its admirers that it has become less tolerant of criticism. Even members of Mr Lee's dominant People's Action Party have begun to referopenly to a sense of intimidation among the electorate, and to a loss of confidence in the younger generation of political leaders. It would be a sad reflection on Mr Lee's achievereflection on Mr Lee's achieve-ments if, by seeking to perpetu-ate his personal influence on Singapore, he damages the credibility of those he wishes to succeed him.

Terry Dodsworth and Hugo Dixon on a nascent cellular telephone network

ver the last two or three years, the European telecommunications industry has begun the painful process of breaking down trading barriers constructed over almost a century ers constructed over almost a century of protectionist policy making. Yet the most significant change in this period could well prove to be something that has developed at the periphery – a pan-European car telephone system which will allow motorists to drive from Stockholm to Maddan and the statement of the st rid and use the same receiver all the

The first orders for this ambitious The first orders for this ambitious new project are rippling through the EC and a group of bordering territories during the course of this summer. They will be awarded on a country by country basis, taking in 15 nations in total, and involving a countless number of the property of the country by the country basis, taking in 15 nations in total, and involving a countless number of the country o

ber of manufacturers.
Yet behind this piecemeal contract ing procedure lies an enormous effort in co-ordination, a grand plan put together by companies and adminis-trators who believe passionately that tha European telecommunications

industry has to regionalise or die.

The crucial point about this programme is that it allows the industry gramme is that it allows the industry to develop a system from scratch. Virtually everything in the pan-European network will depend upon a mobile version of digital technology — which transmits the signals as a series of computer digits rather than the traditional analogue technique used to convey ordinary telephone conversations. Such a combination of mobile and digital technology has not been used before anywhere in the world. An entire new infrastructure of

An entire new infrastructure of switches and base stations will have switches and base stations will have to be constructed throughout Europe, working with complex software that will be developed specially for the project. Manufacturers will need to design a new generation of telephone handsets, along with a range of semi-conductors to go inside them. Even the operating companies that will run this network will in some cases be new, and when they are not, they are likely to enjoy a high degree of independence from the traditional public telephone companies which control telephone companies which control European telecommunications at

All these factors mean that the organisers of the pan-European that the organisers of the pan-European initiative can jettison a great deal of the historical baggage that has slowed down the development of European telecommunications over the last few years. This, indeed, is one of the main reasons why those who are now pushing the concept through saized more ing the concept through seized upon it with such enthusiasm in the first place. They aim to use the system to demonstrate European unity, as a showcase for the ideas that lie behind the EC Commission's drive to create a

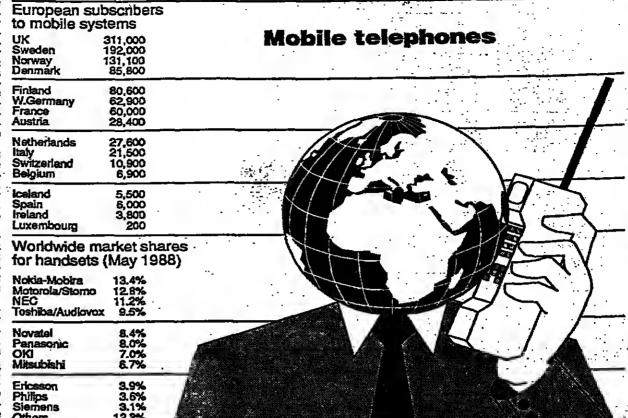
genuinely totegrated market in 1992.
"What is being done is incredible, with marvellous close co-operation throughout Europe," says Mr Armin Silberhorn, head of the West German mobile communications authority. "I believe that the project is as important as Airbus or Ariane to the future of the region."

Just three or four years ago, it

would have been absurd to make these sort of claims for the car tele-phone industry. But since then the outlook for mobile communications has changed radically.

has changed radically.

First of all, the present generation of car telephones, based on the cellular technology that was launched in the early 1980s, has proved a runaway success in Scandinavia and the UK, the two areas that have adopted the protection most expressively. In the cell system most aggressively. In the cel-lular system, the country is divided into "cells", each containing a transmitter and receiver; the subscriber is automatically connected to another transmitter as he moves from one cell to the next. Subscribers have joined



Europe dials up the future

this network at a rate that has far exceeded original expectations, reaching 300,000 in three and a half years in

This expansion, particularly in the UK, where the industry was deliberately launched with two competing network operators, has drummed home two strong messages to the rest

Firstly, the cellular industry has shown that competition pays, driving down prices and helping develop a broader sales appeal that naturally expands the available customer base. Second, it has demonstrated that it can simultaneously offer a healthy market to equipment suppliers and handsome returns to operating com-

Here again, the UK has proved a galvanising influence. The plans to sell off part of Vodafone, one of the two UK car telephone operators, have attracted attention right across Europe. It has not been lost on the industry that this three-and-a-halfyear old company could have a mar-ket value of about £2m - a valuation approaching that of Philips, Europe's leading electronics group.

spite these succ

development has also been one of missed opportunities for Europe, par-ticularly for companies within the EC. This has been particularly so in the UK, where the swift expansion of the system has meant surrendering the equipment business to well-prepared companies outside the EC. Even in the more controlled markets of the Continent, where operators have tended to opt for local suppliers, there

has been a significant penalty. Prices

in these countries have been much higher, the equipment slower to arrive on the market, and the developnent of sales consequently slower.
The reasons for this failure to exploit the current cellular market

are difficult to pin down. Inertia and inexperience in this new technology field are undoubtedly part of the cause, along with Europe's endemic weakness in semiconductors. But the technocrats and industrialists behind the push into digital systems also argue that European producers have been hampered by Europe's deeply entrenched structure of vertical national markets in telecommi

Here was a growth sector, they con-ended, which needed to be tackled on

An entire new infrastructure of switches and base stations will have to be constructed throughout Europe

the first round of cellular market a regional basis to give producers a sufficiently large potential market to offset their risks. Digital cellular telephone systems presented a golden opportunity to reap those benefita because every country would have to introduce such a system eventually as the capacity of the radio channels used by the present networks ran out. Once this principle was accepted, it was a small step to standardising the new digital system throughout the participating nations, which would

bring with it the added bonus of tele-phone handsets that would operate anywhere within those boundaries. The development strategy that has grown out of this perception runs something like this:

something like this:

The countries signing the digital accord, mainly in the EC but also including the non-Communist countries around the border to add weight to the market, have agreed to introduce the system in a series of co-ordinates. nated steps. These are aimed at a final launch date in 1991, a clear tar-

get for the engineers.

• All the equipment for the system has to be designed around a set of commonly agreed standards so that suppliers will be totally inherchange-- a move that clearly mjects a able — a move that clearly injects a strong element of competition into the market. "We shall launch our sys-tem with two different infrastructure suppliers for Paris and Lyons," says Mr Philippe Dupuis, head of the France Telecom mobile operating company. "In that way we can compere the two, and if one of them is clearly superior be will win the con-tracts for expanding the system."

dards is being channelled into committees combining representatives of both the operating groups and European manufacturing companies. "Our idea was that by working in parallel with the operators, the European producers would be given a few months' advantage over foreign suppliers," says one of the officials behind the

and begin the shift towards tross bonder contracting.

• Competition is also being spread into the network operating sector, where both France and West Germany are set to follow the example of the UK and licence a rival to the organization run by the state-owned telephone company.

These decisions have clearly treated a market with sufficiently attractive prospects to enthuse producers throughout the region. Their sales opportunities are effectively apit in two, between telephone handsets on the one hand and infrastructure equipment on the other—the switches and radio transmission stations that transfer signals from the wired telephone network to the mobile handsets.

"We believe that the market ought to amount to at least 1700m a year,

"We believe that the market ought to amount to at least £700m a year, and it could be at least double that afferre, depending on how quickly subscribers are attracted to it," says Mr Don Pinches, managing director of Orbitel, the UK equipment company. To what extent these new processes will help the European manufacturing industry in the long term remains year much an open question.

on the infrastructure equipment side, the initial round of orders will unquestionably have a heavy bias towards European-owned manufacturers. Indeed, NEC, the Japanese company, which has tendered in four different countries convedes that the

ers. Indeed, NEC, the Japanese company, which has tendered in four different countries, concedes that it would be surprising if it were chosen in any of them; while Motorola of the US, despite a heavy manufacturing presence in the EC, says that it felt at a distinct disadvantage in the initial discussions about the digital network. On the other hand, the creation of a pan-European system working on open standards means that it will be harder to block out foreigners by the old system of national preference in procurement. And in the telephone handset sector, where the workwide industry is currently dominated by two Japanese companies, NEC and Panasonic, one American company, Motorola and a peripheral European in Nokia of Finland, the Europeans may find it hard to mount an effective counter-attack.

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may find it hard to mount an enecuve counter-attack. In terms of the operating companies, however, the changes have already made a substantial impact, and are likely to have an even bigger one in the future. This is because the growth of mobile systems is leading inexorably both towards fresh competition for the existing wired telephone system, and towards new ways of running telephone service operations.

ning telephone service operations.

The cellular mobile companies are already much more market-oriented than the state-owned national net-work groups; and because they are now moving into the era of the pan-European system, they are looking naturally to ways of extending their influence beyond their own borders. One of the initiatives that the

French, German and British companies are considering, for example, is cross-shareholdings in similar foreign groups. The French and the Germans also argue that the decision to launch competing private groups in their domestic markets means that they will have to have more operating flexibility than is normal in their parent groups. It is hard to believe that some into the parent organisations over

"In the old days," says Mr Silber-horn, "if I wanted to contact a colleague overseas I would write a letter that would be signed by my superior. Today I have my British, French, Ital-ian and Greek colleagues on my short button telephone, and if I can't get Manufacturers are being encourand send it over my telefax machine aged to form alliances to help speed up development work, spread costs

them that way I write out a message and send it over my telefax machine myself. We are a new generation and we work in a different way."

Out on top down under

Improbable though it may seem, Australia is proving a political pushover for Mrs Thatcher, Apart from noisy demonstrators in Melbourne, memorably dismissed by a Thatcher aide with a brusque Yorkshire turn of phrase as "provos and poutters" — there has been little to disrupt her

serene progress.
Not that Mrs Thatcher bas
drawn crowds of wellwishers.
If proof were needed that colonial nostalgia for Britain is dead and buried, it was pro-vided by the mere sprinkling of onlookers attracted to most of her public appearances. The Prime Minister has scored in

the political arena. Even the most hardened Australian political commentators were grudgingly impressed by her performance

at the National Press Cinb on Wednesday. They referred in print to her aura of leadership, the depth of her commitment, the depth of her communent, her total self-confidence and to the deft footwork displayed in handling questions. The Peter Wright "Spycatcher" case surfaced briefly, only to be cut off at the knees because it was said to be still sub-init was said to be still sub-ju-

Australia's own political lead-ership which seems to have struck people most forcefully. The attitude of Mr John Howard, the opposition leader, in the presence of his ideologi-cal soulmate was seen by many as verging on the observious. As for Mr Bob Hawke, the premier and rumbustious, tough-spoken union boss of years past, he has, with his now beautifully-coiffured silver hair and elegant smits, mellowed into something resembling a social democrat leading his

But it is the comparison with

party from much further to the right than dared even by Neil Kinnock.

The sight of Mr Hawke and Mrs Thatcher being so nice to each other has however reinforced the sense of ideological betrayal on the left. And

OBSERVER

one right wing lady, incensed by the prospect that Mr Bill Hayden, the Foreign Minister, will be next governor general, bissed: "The man is a self-confessed atheist, a heathen, and he does not respect the Queen. Why doesn't that woman do something?"

Pop of the tops Mr Sam McCluskie, the sea-

mens' union leader, and Mr John Prescott, Labour's Energy spokesman, have shown fine innovative thinking in their joint venture to pro-duce a pop record to raise cash for seamen who have been strike. The song is called "Why Don't They Leave Us Alone?" and it should be emulated by statesmen and businessmen

everywhere.
For example, if President
Reagan could manage to record
"On the Good Ship Lollipop"
in suitable Shirley Temple in suitable Shirley Temple dress, sales of the single would very likely wipe out the US deficit. Mr Gary Hart could be forgiven everything, even his campaign debts, for just one rendition of "Girls Were Made to Love and Kiss." Mr George Bush might win the Presidential election after all if he could just find the words for his own distinct version of "I Did It My Way" — but he would have to watch out for a Michael Dukakis who no doubt has a hundred new for a michael Dukakis who
no doubt has a hundred new
verses for "Deep in the Heart
of Texas." (George Bush won't
fight/ He's outta sight/ Deep
in the heart of Texas, etc.). Mr
Jesse Jackson could do a touching "It's My Party and I'll Cry If I Want to".

Britain's Prime Minister, Mrs Margaret Thatcher, could belt out a wonderful dust with her Chancellor of the Exchequer, Mr Nigel Lawson, to the tune of "You say to-may-toe," I say to-mah-toe", with the words perhaps changed to "I say the market, you say



"Room service - won't someone say g'day to me?" D-Mark it" and the two, in a

D-Mark it" and the two, in a final swirl, agreeing, "let's call the whole thing off." Not every admirer of hers wants to call it off. The Labour Party Leader, Mr Neil Kinnock, is already humming "How Would You Like to Be/In the TUC With Me" in preparation for the Trades Union Congress and Labour Party conferences next month. It's a bit too soon next month. (It's a bit too soon for "La Vie en Rose"). His dep-uty, Mr Roy Hattersley, knows very well, "I am the Man, the Very Fat Man, Who Waters the Workers Beer."

Powers cut

After the fur which has been

■ After the fur which has been flying ahead of electricity privatisation, it was good to see the two heads of the industry positively purring in unison yesterday despite a £300m decline in profits since 1987.

For Whitehall cognoscenti, the animal results press conference for the £370m industry used to be regarded as one of the better shows in town: Sir Philip Jones, chairman of the Electricity Council and Lord Electricity Council, and Lord Marshall, head of the Central

Electricity Generating Board, would pace warily round each other with arched backs and bristling politeness.

But in spite of a packed house, the best that Lord Marshall could manage yesterday was a crack about how Sir. Philip must have agreed with him once. As his superior in the Department of Energy, he had "presumably" approved a paper written by his lordship. But Sir Philip beamed with positively episcopal charity as he recalled how well they had accord in these days. had agreed in those days: Both now have declining territories, with the CEGB due

to be broken up and the Council decommissioned altogether. Although they are doubtless ebrated the demise of the old order in style, inviting many of the great and the good (though not the chairman of the 12 area electricity boards) to a recent performance of the Brahms German Requiem in St Pauls Cathedral.

Nor has Lord Marshall lost that pithy directness which was the despair of politicians and civil servants, even when profits were rising. He told one questioner yesterday that using power station cooling water to heat homes would work well on two conditions: the disappearance of British Gas and the abolition of

Tender offer

■ While Mr Peter Clowes, for-mer head of the collapsed mer head of the compact financial empire, was appear-ing in court yesterday, liquida-turs were preparing for a for-ther sale of the assets of Barlow Clowes Gilt Managers Ltd, to raise money for the

The last auction organised a week ago by Frank G Bowen of Greek Street London, offered four Volvo estate cars, a 1975 Jensen interceptor, an Austin Mini Moke, 15 knitting machines, Australian wines, groceries, ladies clothing and 285,984 Mates condoms. Bowen says the date of the next sale has yet to be fixed,

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Andrew Gowers looks at the revitalisation of the United Nations

Steering a surer course at last NEW YORK and the realisation that it could only work if its members wanted it in. The

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to constant

In his efforts to arrange a cease fire between Iran and Iraq this week, Mr Javier Perez de Cuellar is playing for more than an end to the eight year-old Gulf war. The patient Perturian Secretary-General of the United Nations knows that there is a lot at stake for his own organisation, too.

A successful outcome to his talks with the Iranian and Iraqi Foreign Ministers would be a significant boost at a time of rapid general improvement in the UN's political — if not financial — fortunes; as well, as redeeming a series of fateful errors by the UN over the Gulf conflict.

With the Soviet withdrawal from Afghanistan; with progress towards peace in south-western Africa and with signs of movement on other regional conflicts from the Western Sahara to Cyprus to Kampuchea, it looks as if the organisation is beginning to shrug off 40 years of unfulfilled expectations and to carve out for itself a genuinely central role on the world stage.

Senior officials in the organisation's fower-block headquarters in New forms.

world stage.
Senior officials in the organisation's agreement in four forwards that it for the following the follo world stage. Senior officials in the organisation's

There is a new appreciation of the UN's role in reconciling belligerents when they want to stop fighting

Clearly, we are also a long way from being able to talk about a redis-covery of the idealism and authority which imbued the UN Charter in 1945. Drawn up by the victorious wartime allies as a plan for confronting threats because to world peace such as those created by Hitler, Mussolini and Japan in the 1930s, it swiftly fell victim to the by Hitler, Mussolini and Japan in the 1930s, it: swiftly fell victim to the crumbling of that alliance and the collective security, backed where necessary by collective enforcement of collective security, backed where necessary by collective enforcement of collective security among the shattered by the great powers, was immensely damaging for the authority of the Security Council," recalls the permanent members of the Security Sir Brian. Now the fact is that the council — the US, Britain, France, the Soviet Union and China.

the Soviet Union and China. There followed a secular erosion of credibility, in which the ideals proclaimed for the UN as guarantor of international peace collided with the reality of endless political wrangling the cause the hig boys have realised that their behaviour was reprehensible. That certainly has an effect on the rest of the school."

Next, the Soviet Union's attitude towards the UN itself has been trans-

work it his manners wanted it to. The organisation scored numerous important successes — stopping the Arab-Israeli war of 1948 and helping to avert superpower confrontation as a result of the October war of 1978, for example: But in general its approach to peace-making and peace-keeping, from the Congo to Lebamon, had to be immunicated in the face of deep dis-

improvised in the face of deep disagreements between East and West as to what the UN's role should be.

Today, in the words of Sir Brian Urquhart, the Briton who served as a top UN official for most of the last 40 years, the organisation is improvising its way back towards a position of infinences not the campinotent surreinfluence: not the commindent supra-national force starrily envisaged after the Second World War, perhaps, but a more down-to-earth, workmanlike per-ception that the UN can be really useful in the right circumstances.

ful in the right circumstances.

There is no more sign now than before that the organisation can impose its will on — or take effective enforcement action against — recalcitrant parties: witness the Security Council's failure to agree on sanctions against Iran over the last 12 months and its inability to curb Iraq's current truculance. But there is at least a new appreciation of the UN's good offices in bringing belligerents together when they want to stop fighting.

"It's very good that the world sees the UN' being active again, and that nobody's talking about the UN doing it all by itself: the reality is that it can provide a very useful forum and useful mechanisms if the main powers in the world are ready to use it," says Mr Marrack Goulding, who succeeded Sir Brian as Under Secretary-General for Special Political Affairs.

Special Political Affairs.

How, then, has this sea change come about? There would appear to be four main factors at work. Firstly, the radical improvement in East-West relations, which has brought forth a much greater readiness on the part of the superpowers to work together in resolving regional conflicts. At the UN, it has trans-formed the work of the Security Council since the beginning of last year, with the permanent members co-oper-

ating closely over the Gulf war. because the big boys have realised that their behaviour was reprehensi-ble. That certainly has an effect on the rest of the school."



formed. It is a natural vehicle for Mr Mikhail Gorbachev's policy of achieving greater international respectability and securing a dignified disengagement from regional conflicts. In the last year, he has dropped the old Soviet reservations about UN peace-keeping activities, always the object of intense suspicton in Moscow in the old days because of their ad hor nature, and because they were run by nature and because they were run by tha UN secretariat, beyond direct Soviet control.

Last September, he suggested building the organisation into what he called "a comprehensive system of security" which would incorporate confidence-building measures involvconfidence-building measures involving political, economic, environmental and humanitarian issues. Moscow's acting chief delegate in New York, Mr Valentin Lozinsky, goes so far as to say that the Gulf peace initiative, if successful, "could be the beginning of a kind of rebirth of the UN, or a development that could give the UN a role it never had before,"

Thirdly, there has also been a sharp

Thirdly, there has also been a sharp change in the behaviour of many developing countries at the UN. Gone is the radical anti-Western posturing by newly independent states in the 1960s and 1970s. Instead, a wind of

pragmatism has swept through the organisation's Third World majority. Sir Crispin Tickell, Britain's UN ambassador, says the changing atti-tude to the West in developing coun-tries — reflecting their indebtedness, their need for Western capital, the political and economic changes in the Soviet Union and China, and Moscow's new policy of telling its client states that they can no longer expect a blank cheque — has had a major effect on the climate at the UN.

There are other straws in the wind. Japan, for example, is becoming much more deeply involved in the UN as part of its cautious effort to develop a political role commensurate with its economic power. Earlier this year, it made a one-off payment of \$30m to assist the organisation with its finan-cial problems, especially in peace-keeping. For the first time it assigned an observer to the team monitoring the Soviet withdrawal from Afghanor other assistance for the proposed

truce supervision force in the Gulf.
The feeling is, in the words of a senior adviser to Mr Perez de Cuellar, that "the UN is a safe place to use money to improve your international status. It shows good international

you're not going to use your commer-cial strength to push them around."

So much for the credit side of the balance-sheet. The two great qualifi-cations which need to be injected concern the attitude of the US and the

UN's parlous financial situation. President Reagan and his conserva-tive supporters came to office with a deep-seated hostility towards the UN. They saw the multilateral approach to diplomacy which it embodied as a threat to their freedom of action in unilaterally projecting US power. They accused it of a basic anti-Western hias, of prejudice against that overriding US interest, Israel, and of

There was, of course, more than a germ of truth in some of the objec-tions. The UN has been a bloeted tons. The DN has heen extraored in the past, though it has taken considerable steps to eliminate the fat in the past couple of years. The General Assembly did make foolish statements from time to time. But the fact that a lot has changed in the last eight years has been extraored. last eight years has been extremely slow to sink in on Capitol Hill, even if it has dawned on the more pragmati-cally-minded second Reagan adminis-

The years of confrontation with the US did enormous harm to what was left of the UN's authority and effectiveness. Although the State Department has been able to repair some of the political damage — principally by turning to the UN over the Iran/Iraq war last year — its approach remains highly selective: the UN can mediate to the Gulf but must be kent at armic on the Gulf hnt must be kept at arm's length over the Arab-Israel conflict. It can involve itself in Namihia hut should keep its nose out of Central America.

The after-effects of the bad blood The after-effects of the bad blood are still all too ohvious. The DS, responsible for 25 per cent of UN funding, is withholding a total to date of \$467m from the UN's regular hudget and \$70m from peace-keeping activities. Washington has hy far the largest arrears of any UN member state, at a time when the Soviet Union is backing its words with money by paying off its own arrears.

Washington's failure to pay up is causing an unprecedented crisis in which the organisation will be liter-

which the organisation will be literally insolvent hy early November without an injection of funds from elsewhere. Further financial reforms involving a fundamental debate about the UN's future role seem likely, and there is a danger that the leading Western power will have disqualified itself from joining in. There can be few sights more incon-

gruous than that of a trusted media-tor passing round the begging bowl, or of an organisation on the point of bankruptcy working to hring one of the most protracted and damaging wars of the 20th century to an end.

LOMBARD

The policy doughnut

By Joe Rogaly

Policy Research (IPR), suffers from a possibly fatal flaw. It has no new philosophical standpoint from which to start its deliberations.

Its founders simply reject the agenda set by the right-wing, market-oriented research institutes which have provided the intellectual backing for the conservative policies of both President Reagan in the US and Mrs Margaret Thatcher in the UK.

the UK.

Its proponents do not agree that the market always knows best about every aspect of public policy. They do not accept that public expenditure is in itself always to be regretted. They reject the notion that privatisation is by definition a vatisation is hy definition a good thing.

These are reasonable positions for a left-of-centre institute, but they constitute a set of negatives. What is missing is a positive alternative. This hole at the centre is likely to reduce the effectiveness of the IPR as an instrument for changing the perceptions of "leaders of opinion" and, eventually, voters.

The Institute of Economic Affairs (IEA), the first of the modern British right-wing think tanks, has always been guided hy its faith in the effi-cacy of markets. The faith came first; creation of the institute second. The same can be said of most of the other policy factories of the IEA's persuasion, including the Centre for Policy Studies and, in the US, the Manhattan Institute.

In setting out to challenge that faith, the IPR would be better off in the US, where there is moch evidence that' the pendulum is swinging away from the conservative right. In the US, however. there is no serious dispute about either the need to create wealth or the proposition that in broad areas of public life capitalism is the best mechanism for so doing. The argument is about the quantity of federal spending and the degree of government interven-

In Britain the dispute is more fundamental. Labour, the main opposition party, does not warmly embrace capital-

BRITAIN'S NEW centre-left ism. The Social and Liberal think tank, the Institute for Democrats have yet to clarify their position. Worse: no modern political polemicist, no lat-ter-day Heyek, has come for-ward to argue the case for something that is neither socialism nor unhridled indi-

vidualism. Marxist socialism is now discredited. Corporate-state semisocialism could not be a basis for election-winning policies, even though — in the UK — many trade unionists and opposition politicians hanker for it. The social market economy has been captured by conomy has need captured by con-servatives who see the word "market" but not always the word "social". The left is caught hetween a lingering longing for the certainties of the past, and a growing dread that without something new to offer it will never regain

In the US the Democrats can safely ignore ideology. The election campaign of Mr Michael Dukakis will not admit of what the Americans call the "L-word" (liberalism) or the "T-word" (taxation). Mr Dukakis, it is heing argued, will be a better manager and administrator than would Mr George Bush, his Republican opponent, but he would not seek to re-introduce the Great

Society.

In Britain it would be difficult for Mr Neil Kinnock, the
Labour Party leader, to argue
that he and his team would
manage the market economy better than the Conservatives. They have to think of a new approach, Perhaps the IPS will help to fill the hole in the doughnnt, but its hirth would. be more auspicious if the hole were not there in the first

Here is a free suggestion; Accept the market as a means of generating wealth. Insist on genuine competition, and no subsidies anywhere (including electricity, water, roads, rail and so on). Then concentrate the debate on the limitations of growth; the environment; the most socially, beneficial way of spreading the wealth the market generates, and the liberties of the citizen. Do lt properly, and the Thatcherite-Reaganite Right

will be knocked off its feet.

Making sense of the boom

Gwyn Hacche. Sir, Your leader "The boom goes on" (July 28) either makes an elementary error or con-tains a statistical sleight of

You question the assertion that canital goods rather than consumer goods have been the main source of growth in imports, and correctly point out that the volume of imports of cars rose by 14 per cent in the second quarter, whereas imports of capital goods on the same basis rose by only 6 per

However, the increases in the volume figures alone give little idea of their relative importance.

In order to assess their relative contributions to overall import growth the increases in volume for each commodity category need to be adjusted by their relevant weights. Passenger cars have a weight of 42 in 1000 and therefore contributed 0.5 neg cent to growth in uted 0.6 per cent to growth in total import volumes of 7.5 per cent. They thus made virtually the same contribution as capital goods, which have a much larger weight of 94 in 1000.

Furthermore, if you consider the situation over a longer time period the evidence becomes more clear cut. The deterioration in the current account began in 1982 when the surplus fell to £4.5bn from £6.7bn in 1961. If we compare

From Mr K. Reuter. Sir, Peter Marsh concludes.

(July 13) that the UK's return from the European Space

Agency (ESA) is low compared

to its contribution.

Although Mr Marsh uses

accurate figures, he compares cumulative government spend-ing from 1972 to 1987 with con-tracts awarded over the same

period. These figures cannot be

compared, because a sizeable part of figures for awarded con-

tracts relates to outstanding commitments that will be paid

because only part of the cou-

well beyond the mid-1990s). They represent only a part of the sums awarded to industry,

in 1988, 1989, 1990 and so on of the oth (some of the projects will last K. Reuter,

back to individual firms - also France

UK's return is well-balanced

From Mr Keith Skeoch and Mr the first half of 1988 with 1982, we finds that the volume of capital goods imported rose by 126 per cent, and contributed 11.8 per cent (that is, 23 per cent) to a rise in overall import volumes of 50.8 per cent. This compares with a rise in con-sumer goods (including passen-ger cars) of 45.2 per cent which contributed 6.2 per cent (12 per cent) to the rise in total import volumes over the same period.

The evidence is incontrovertible; capital goods have been more important in explaining the sharp rise in imports than consumer goods. It would, however, be wrong to argue that capital imports were the dominant influence — which appears to be the official line. imports of semi-manufactures, besic materials and fuels, all of

which are essential to facilitate output, account for 45.2 per cent of the rise in total import volumes over the period.

The critical point to note is that nearly 70 per cent of the rise in import volumes since 1982 is associated either with the facilitation of output or an improvement in the quality or expansion of the capital stock. This should ameliorate the inflationary consequences of the buoyancy of demand and deterioration in the current

account. Gwyn Hacche, James Capel & Co, 6 Bevis Marks, ECS

the published contract data are affected by cut-off limits which

vary from country to country (clearly indicated, indeed, in

the European Space Directory).

Furthermore, by referring to unweighted amounts, Mr

Marsh is really putting devel-

opment and support activities on a par. This is misleading,

because such a comparison will obviously show countries with ESA establishments as

The UK's industrial return is

well balanced compared to that

Head of the Director General's Cabinet,

having better returns.

of the other countries.

European Space Agency,

Basic to understanding

From Mr Tim Congdon.
Sir, Mr Philip Stephens
asserts (July 30) that "the collapse in world oil prices and the subsequent sharp fall in the pound's value" turned the UK'e steady growth in the early 1980s to the economic boom of the last two years. I est that another influence was far more important.
A sharp fall in oil prices

could help UK economic activity in two ways. First, because of the stimulus to the world economy and the possible competitive gains to the non-ofl economy from a lower sterling exchange rate, export growth could exceed import growth. If this part of the argument was right, we would expect UK exports to have risen more rapidly than imports in the last In fact, between the second

quarter 1986 (when oil prices were at their lowest) and the second quarter 1988, export vol-ums increased by 8.1 per cent, and import volume by 22.2 per cent. The excess of import growth over export growth represents a net withdrawal of demand from the UK economy equivalent to no less than 5 per cent of gress domestic product. Second, the drop in the oil price could boost real incomes and facilitate an increase in consumption. This undoubtedly did occur in oil-importing industrial nations, but it needs

was a net oil exporter in 1988 and still is today. Lower oil prices did not increase the UK's national disposable income, but made us worse off. Most of the variables that might have influenced economic activity were reasonably stable in 1985 and 1986. The

exception was the money supply. The annual growth rate of M3 rose from under 12 per cent in the second quarter 1985 to almost 19 per cent in the sec-ond quarter 1986. This monetary stimulus had

its impact on demand and output after the usual lag of about six months to a year. The monetary acceleration was so well-defined, and the implied boost to spending so strong, that no one should have been surprised at the economy's buoyancy from mid-1986 on.

The issue of the money supply is basic to understanding the behaviour of the economy. behaviour of the economy. Both the Government and most private sector forecasters failed to foresee the boom of the last two years, the consequent deterioration in the balance of payments and the return of inflationary worries. But all these developments were the logical result of the abandonment of broad money targets in the middle of 1985 and the upturn in M3 growth which soon followed. Tim Congdon, Shearson Lehman Hutton, 1 Broadgate, EC2

Objective is value for money

From Mrs Pat Nelson. Sir, You report (August 3) the chairman of Gardner Merchant as saying that his "com-pany would not go anywhere near councils, such as Sheffield, which were hostile to privatising of services."

It ought to be made clear that Sheffield City Council is opposed to "privatising" services, but I thought the Government's proposals were to enforce "competitive tendering," not "privatisation."
However, we are also

opposed to compulsory competitive tendering of the sort the Government is promoting, because we believe it is based on securing short-term profits rather than securing long-term value for money for ratepayers. That view is shared by the

majority of local authorities of all political persuasions. The only justification compa nies might have for declining to tender in Sheffield is that they believe that their contract performance would be rigor ously monitored and enforced and that they would not be able to profit by taking short-cuts or not doing what they have contracted to provide.

It is logical, therefore, that such contractors will concentrate their tendering resources on those areas where there is ideological support for privati-sation, but little interest in securing good value for ratepay-

Pat Nelson, Members' Library,

TODAY'S NAME FOR TOMORROW'S TELEVISION (AND THE DAY AFTER THAT!)

Uniden are one of the world's largest suppliers of satellite television receiving equipment. In fact, Uniden are one of the world's largest manufacturers of communications equipment of all types, from radio transmission equipment through to the most advanced cellular telephones.

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Italtel executive Marisa Bellisario dies

By John Wyles in Rome

MARISA MARISA BELLISARIO, managing director of Italtel, Italy's state-owned telcommunications equipment manufac-turer, and one of the country's leading business personalities, died in Turin yesterday after a

A vivacious, highly intelligent woman, she transformed Italtel from a financially ailing company to an effective and profitable competitor at home

Mr Ciriaco De Mita, the Prime Minister, said she was a symbol of feminine victory in Italy," while Mr Bettino Craxi. former Prime Minister and Socialist Party leader, called her "an example of intelli-gence, tenecity and feminine will" and "a comrade of whom the Socialist Party was proud."

Bellisario's open political affiliation caused major controversy last year when the Fiat group called off a merger between its Telettra subsidiary and Italtel rather than accept her as managing director of the

new company. Bellisario's industrial career began with Olivetti's electron-ics division in 1960. In 1965 she became responsible for product planning and in 1969 she found herself working for Honeywell Information Systems Italy after it had purchased GE'a Italian

She returned to Olivetti in 1972 and after becoming head of the company's informatics group in 1978, she moved to Italtel in 1981. She is survived by her husband, Professor Lio-nello Cantoni.



and financial assistance from all quarters," he says. "San-kara's rigid ideology scared

potential investors and credi-tors away. We must open up to the West. It is better to negoti-

ate now than to have to accept imposed conditions in a cata-

strophic situation in the

future."

After deciding to adopt a programme of radical struc-

tural adjustment, the Com-paore Government received a

combined World Bank-IMF del-

egation in July. While an adjustment package is still being negotiated, Mr Barro confirms that it will contain

many of the components which

have become standard in

adjustment programmes thronghout Africa. These include the rationalisation of

public finances, the cutting back of Burkina's large and unprofitable state enterprise

sector and the promotion of

private enterprise and com-

shift to conventional develop-ment may be logical. Noneth-less, much of the popular driv-ing force has evaporated which

under the Sankara regime

hrought about social reform and material improvement.

Observers already note a slow but steady return to the old ways of privilege, influence

Readers of political thillers invariably have the satisfac-

over evil. In life things are

never quite so clear-cut. The

faction which has triumphed in

this case is now writing, with the help of the World Bank, a

new chapter in economic devel-opment. Whether in their pres-

ent mood of disillusion it will please the critics who count — the population of Burkina

Faso - there remains to he

peddling, and corruption.

In strict economic terms the

Shifting sands of a turbulent land

Nicholas Woodsworth looks at Burkina Faso after Thomas Sankara

T has all the makings of a lurid best-seller. A former desert kingdom in Africa caught in the throes of revolu-

tion, intrigue and a sudden coup d'état. A charismatic young leader assassinated by his best friend and closest adviser. A beautiful young widow abandoned beside ber busband's unmarked grave Kalschnikov. unmarked grave. Kalashnikov-toting soldiers holding down a tense and dissatisfied population. And an uncertain future in which both East and West

vie for influence. It may seem like the stuff of thrillers, but in the arid and landlocked West African state of Burkina Faso it is also contemporary political reality. Burkina Faso's history has

not always been as turbulent or compelling. Indeed, until recent times the depressing ttern of economic stagnation familiar to much of black Africa seemed inescapable

Prospects for this resourcepoor state remained grim well after independence in 1960 and into the 1980s. While a privi-liged elite drove fleets of Mer-cedes through the dusty, mnd-brick capital of Ouagadougou, three-quarters of Burkina's population lacked safe drink-ing water. Per capita gross national product was under \$150. Less than 10 per cent of the population was literate. One in four children died before they reached five years

of age.
Today the economic indicators are scarcely more encouraging, and Burkina Faso, the third poorest country in the world, continues to live precar-

iously.
Tremendous ideological changes, however, have swept Burkina Faso in the recent past. Five years ago this week the country was catapulted

from the feudal age into a tumultuous revolution. Today. in a dramatic volte face, it has turned to the capitalist West and, with the International Monetary Fund, is making plans for radical structural

The original catalyst for change was Thomas Sankara, a young and dynamic army officer who took power in a coup in 1983. Idealistic, well-edu-cated and determined to huild an egalitarian society, Sankara brought rapid social change to

Although he borrowed heavily from the language of Marx, Sankara's politics were populist and agrarian - he aimed at giving the rural population a new self-respect and the means to build a self-sufficient economy. The country swapped overnight its colonial name of Upper Volta for Bur-

kina Faso, which means land of men of dignity. Under Sankara's regime luxury consumption became socially nnacceptable. The modest Renault 5, for example, replaced the Mercedes as the official state car. Agricultural production campaigns were begun, as were literacy, health

and rural development drives, village co-operative schemes, housing projects for the poor, and mobilisation programmes for women. Sankara he drew Burkina politically away from the West and strengthed aid and co-operation ties with Libya, North Korea, and leftwing black African govern-

ments.

Most of the Burkinabe peo-ple today look back to the Sankara period as one of positiva change. Not unnaturally, however, such radical change was anathema to the former elite.

Calls for austerity and sacrifice, combined with what was becoming an ever-more per-sonal style of rule, finally became too much even for those sharing power with Sankara. Last October he was killed in a hloody coup orches-trated by his closest advisers and replaced by long-time com-rade-in-arms, Captain Blaise Compaore. His body was dumped in a communal grave with other coup victims and his wife and memory subjected to a campaign of intense deni-

Nine months later, the death of Thomas Sankara remains an emotional and highly-charged issue in Burkina Faso. His cause continues to be popular among large sections of the population and the present regime governs in an atmosphere of tension, instability and rumours of plots.

According to Damo Barro, former finance minister to Captain Sankara, however, Burkina's revolution came to a timely end. Mr Barro is today a senior member of the World Bank staff in Ouagadougou. Captain Sankara's pro-grammes, he maintains, were unrealistic and economically unsustainable.

"Burkina's development depends on capital generation

S W Africa progress as talks extend to fourth day By Michael Holman, Africa Editor, in Geneva

THE GENEVA talks on South West Africa have been extended into an unscheduled fourth day as delegates, reporting soma progress, consider-counter-proposals by Angola and Cuba to South Africa'a June 1, 1989 timetable for inde-pendence in Namibia and the withdrawal of foreign troops

from Angola.

As talks continued late into the night, Dr Chester Crocker, the US chairman, was attempting to hammer out a compro-mise between the two sides. "We are talking about every-thing, including a ceasefire, political and military issues, and a whole range of other

Details of the Cuba-Angola proposals were not disclosed, but are believed to involve a snbstantial reduction of the four-year programme, set out before the Geneva meeting, for the phased departure of some 45,000 Cuban troops from Angola

South Africa has made Namibia's independence condi-tional on a Cuban withdrawal. Angola and Cuba argue that some of the troops must stay on for a limited period after Namibian independence to help the Luanda Government in its battle against Unita rebels led by Dr Jonas Savimbi.

After a rancorous start to the conference, which began on Tuesday and was due to end yesterday, the mood has improved. The leader of the South African delegation told journalists that he was "encouraged" by the "serious and genuine" nature of the negotiations, and his Angolan counterpart said that there had been progress. Neither man would elaborate.

The negotiations were to be extended until lunchtime today as delegates attempted to draft agreements which would include a troop withdrawal timetable, a ceasefire and mili-tary disengagement in southern Angola, a non-aggression treaty between Angola and South Africa, and other elements in a complex,

regional pact.
These drafts would he the subject of a ministerial-level conference, but delegates in Geneva believe that further negotiations may be necessary. It would also depend on wide differences heing resolved. notably over a timetable for a Cuban troop withdrawal from Angola. Angolan and Cuban officials would not discuss their new proposals.

Mecca bets it can do it better

When it comes to moving bits When it comes to moving bits of leisure paper from one pocket to another in the Mecca/Pleasurama bid, the City's institutions face a beguilingly simple choice: whether the quality of Mecca's management is sufficient to make the shares of the bidder at least interchangeable with those of its target, and at best a whole lot more. For if, as seems plausible, the acquisition would lead to no dilution seems plausine, the acquisi-tion would lead to no dilution of earnings for Mecca, then the question – at least for those who are already shareholders of both – becomes more an

industrial than a financial one: will swapping management personalities improve the performance of Pleasurama's assets, and can Mecca make the higger-is-better citche work to its advantage in according? to its advantage in operational Not snprisingly, the two

sides disagree on the amount of overlap between the two companies' share registers; but if Mecca is right and nearly a third of Pleasurama is controlled by those with a foot in both companies, then that must both camps, then that must give the bidder an early edge. Not even Pleasurama's Robert Earl was ready yesterday to challenge Mecca's reputation for good management; but whether that expertise is trans-ferable from Mecca'a relatively focused husiness to Pleasurama's distressingly diffuse one is the sort of question which will presumably worry not only those who have shares in both companies, but also the 70 per cent or so who hold only Pleasurama.

Pleasurama has called the bid opportunistic, and Mecca could scarcely dispute the lit-eral application of this term: the opportunity to capitalise on shareholder concern at the Hard Rock acquisition and rights issue was too good to be missed. And as a 2 per cent shareholder itself, Mecca can hardly lose out if its offer starts an auction; indeed, its all-paper offer practically invites a higger rival to step in with a cash alternative.

Electricity industry The City's dismissal of yes-

terday's heavyweight annual reports from the Electricity Council and the CEGB was in a sense understandable. What matters for future investors in is not the track record of two antiquated monopolies that will shortly cease to exist, but Government decree. It is the still undecided relationships between the 15 or so new companies and the division of the spoils between consumer and

Pleasurama are price relative to the ~A Alf-Share index 150 140 130 120

shareholder that will settle whether the utility is easy to sell or not.

1985 1986 1987 1988

For all that, yesterday's accounts were not irrelevant. They provide a glimpse, and a pretty disconraging one at that, of the raw material that is to be reshaped for sale. The worrying feature is not the "intentional" £300m fall in profit nor the tiny 2.4 per cent return on capital — which the Government is rectifying hy making the consumer pay more - but the statistics on efficiency. The contrast with the likes of British Steel or British Gas, let alone with the private industrial sector, is almost embarrassing in the last four years put together the electricity industry has cut its real costs by just 4.4 per cent - well below the 6.1 per cent target. The excuse for missing such an undemanding goal is the continued struggle to make existing nuclear power stationa anywhere near economic. But as investors already cite the commitment to nuclear power as one of the least appealing features of privatisation, they are not likely to find the explanation too reassuring.

British Airways

A glance at the footnotes in last week's results from the London clearing banks shows the substantial gains they realised by selling their stakes in the near bankrupt BCal to British Airways. Unfortunately, BA has yet to convince a seep-BA has yet to convince a scep-tical City that it did not pay a silly price in order to prevent a major rival falling into the wrong hands. The turnover of the combined group rose by £119m in the first quarter; but since costs rose by £100m and interest charges mushroomed, the net effect was a 10 per cent drop in pre-tax profits to £81m in a period when the group handled almost 20 per cent more traffic.

To be fair, no one ever expected the benefits of the BCal

ment appears as a matter of record only.

acquisition to show through immediately. The delays in completing the takeover meant that the ageing BCal fleet missed out on much of the advance summer block bookings, and while the current matter will give a better cluc ings, and while the current quarter will give a better cluc to how effectively BA is ntilising the BCal aircraft, the real test will not come until next winter. Judging hy the modest 1.3 per cent forecast increase in winter capacity, BA is well on the way to getting a grip on BCal's costs, and the impressive 2.1 per cent improvement in the passenger yield in the latest quarter shows that BA is not making the same mistake as BCal and trying to fill its planes regardless of cost. But despite yesterday's rise in BA's share price, a prospective mulshare price, a prospective mul-tiple of less than 7 times earn-ings reflects the City's continuing concerns about the quality of BA's earnings.

Yesterday's 4 per cent rise in the TI share price was not merely recognition of good fig-ures, although interim pre-tax profits up 60 per cent - and perhaps more impressive, a 35 per cent rise in earnings per share - were right at the top of the range. More fundamen-tally, this first sight of TI complete with both the Crane and Bundy acquisitions (and with-out domestic appliances) suggests that the company in its new form has come together ahead of schedule. Over half the growth in pre-tax is organic, the greatly increased exposure to the US has done wars little damage in currency. very little damage in currency terms, and operating margins, up from 6.5 per cent to 9.1 per cent in the half, are starting to look almost respectable.

The ohvious and nagging onestion is how far all this is cyclical. About a third of sales are to the automotive industry. which is surely in danger of peaking. But overall, there is a kind of balance; the capital investment cycle is at an ear-lier stage of the upswing, and aerospace – still an important customer – works on a longer cycle of its own. A good chunk of the business, too, is in replacement parts, which, on the most optimistic view, are not cyclical at all.

19.5 /17.

Bergera a

•••

the Shin's

Assuming pre-tax profits of up to £85m in the full year, the shares are on 9.5 times carn ings at 369p. This puts TI on a par with the engineering sec-tor, after a couple of years spent catching up. Since there ought to be some earnings out-performance on into next year, that could be a little grudging.

August 1988

Argentina seeks loans with new package

ARGENTINA announced full details of important reforms to its ailing economy late on

Wednesday night.
The package is an attempt by the Radical Party Government to persuade its foreign creditors to provide further loans to service its \$56bn for-The package was announced

as expectations grew in the US that Washington was soon to announce a bridging loan for the country of between \$400m and \$500m. The loan's hackers are

thought likely to include the US Treasury and the main countries of the Bank for International Settlements, although It is assumed Britain will be an

Continued from Page 1

was "very positive about the

EC proceeding with this effort. To the extent that it

accelerates economic growth in Europe it can be expected to

have a positive impact on the US economy, helping to reduce the US trade deficit, he said. Commenting on Mr McPher-

son's speech, one trade expert said be was struck by the

degree to which US concerns about 1992 and European con-

By Gary Mead in Buenos Aires and Stephen Fidler in London The economic measurea

announced by Mr Juan Sour-rouille, the Economy Minister, set in train a campaign to cut inflation from a monthly figure of more than 20 per cent and to

cut state spending.

The package also has a scarcely concealed political purpose. The reforms have already been described locally as the Government's "last card" if they fail, as a similar package did three years ago, a jaundiced Argentine electorate may well opt for a government from the opposition Peronists in the presidential election due in mid-1989.

President Raul Alfonsin said that his Government was "beginning a decisive battle against inflation, which has

cerns about the trend in US trade legislation were parallel. Both were afraid of rising pro-

tectionism in the foreign mar-

ket: both feared sectoral or

hilateral reciprocity and both were concerned about the lack of transparency in the policy

US warns EC against protectionism after 1992

sapped and aquandered the strength of the people". He promised that there would be an attack on the fiscal deficit, and added that he had no doubt the reforms would have the support of the Argentine

people.

Mr Alfonsin's economic team, led by Mr Sourrouille, unveiled a series of reforms designed to cut government spending and control prices. The official estimate is that the reforms will yield an extra \$1bn a year, or roughly 1.5 per cent of GDP.

export prospects. However,

The reforms have been worked out in consultation with leading industrialists and they are also designed to improve Argentina's industrial

ability to influence the interna-tional process of trade policy. Ha suggested that the US

was trying to get itself a "seat at the table" in the EC talks,

at the table" in the EC talks, by seeking bilateral consultations on specific issues

Mr McPherson said that the US was "[looking] forward to discussions with Brussels and the member states as the programme is formulated, to ensure that economic integra-

they have attracted criticism from both trade unions and the agriculture industry. Trade union leaders regard the package as an attack on the living standards of their members because it proposes

freezing wage increases at a level below recent inflation. Loans to Argentina have this week started to fall more than 90 days in interest arrears, for-cing US banks to place the loans on non-accrual status, which hurts their earnings.

Bankers said yesterday said they had received no indication from Argentina on whether it intended to make interest payments at any time, even on receipt of funds from the expected bridging loan.

states results in a more open European market. The interna-

tional economic system is at a critical, and in some ways vul-nerable, point in its evolution.

This makes it particularly important [that] the pursuit of the internal market in Europe supports, not undermines, our

shared objectives in moving towards a more open interna-tional trading and financial

in \$150m fraud case Continued from Page 1

Arrests

a Canadian, and Jazeen Aziz Mocja, 24, an Indian. Mr Kas-per-Ansermet said he was also seeking a person who had dis-appeared from Lugano in southern Switzerland and was thought to have gone to Italy.

The Geneva magistrate yes-terday took the unusual step of refusing for now to allow defending lawyers access to the file of the investigation. This was warranted, he said, by the gravity of the charges and the fear that information could be leaked to third parties while enquiries were still being

Complaints to Swiss embassies from investors and financial advisors led to simultaneous raids last week by Swiss police onoffices in Geneva, Nyon and Lugano and the arrest of Mr Chapman and Mrs Davies. Several bank accounts were blocked on the examining magistrate's orders. The officas searched

belonged to Kettler Investment Finanz AG, registered in Lie-chtenstein, Falconirust Finan-cial Ltd of Geneva and Equity Management Services SA at

Nyon.

Mr Chapman is listed in the Geneva companies' register as the managing director of Falcontrust and Kettler's Geneva contrust and Kettler's Geneva branch. He held the same position in Equity Management before it moved to Nyon in the canton of Vaud last January. Through direct approaches by salesmen in several countries and by means of glossy brochures and a newsletter, the Swiss Analyst, these companies offered to place clients' money in New York shares.

Mr Kasper-Ansermet said the frand involved giving false information about US OTC-listed companies and using a listed companies and using a sophisticated mechanism to manipulate tha share prices quoted on the OTC "pink sheets", US stock lists.

Equity & Law

EQUITY & LAW HOME LOANS LIMITED

£153,000,000 Secured Loan Facility

County NatWest

Underwriting Benks National Westminster Bank Group The Sumitomo Bank, Limited Société Générale, London Branch

> Managers Nomura Bank International pic

The Mitsubishi Bank, Limited Norddeutsche Landesbank Girozentrale London Branch The Saitama Bank, Ltd.

The Royal Bank of Scotland pic Union Discount Company Limited

Crédit du Nord, London Branch DIEERSTE

Den Danske Bank

österreichische Spar-Cass -First Austrien Bank-

Dresdner Bank Aktiengesellschaft London Branch

Facility Agent NatWest Investment Bank Limited

& NatWest Syndications

process, with Europe suspi-cious of the role of Congress and the US uneasy about the growing role of the EC Com-mission. Finally, both were uneasy about their diminishing **WORLD WEATHER** Adjers Adjers Ahost Barrain Barrain Barrain Berrain Berria Berria Berria Borria Borria

system." Editorial Comment, Page 12 ensure that economic integra-tion amongst the 12 member Disney, not Marx Continued from Page 1

the existing Hungarian foreign joint ventures.

Most Western visitors would come from Austria, with Vienna only a few hours' drive away, while the wealthy Munich region is closer to Budapest than it is to Paris. Some 2.4m Austrians (mostly day-trippers), and more than day-trippers), and more than Im West Germans visited Hungary last year.

But in the back of the minds of Disneyland and Hungarlan

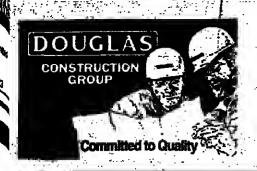
officials are the 14m East

Western mecca. However, allotments of Hungarian curallotments of Hungarian currency for East Germans, Czechoslovaks and Poles are severely restricted by their governments and would scarcely cover aven the entrance fee to Disneyland.

This problem will not be easy to solve as Hungary has for years pushed in vain for some form of convertible currency within Comecon.

European visitors to Hungary for whom the country has become an exotic, almost

rency within Comecon.



FINANCIAL TIMES MPANIES & MARKETS

Friday August 5 1988



Opec arms for peace



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the committee

With Improved prospects for peace in the Gulf, the Organisation of Petroleum Exporting Countries appears set for e fresh assault on the divisive Issues which have sapped Opec discipline. Wednesday's meeting of the Opec price committee helped to clear the air and gave Dr Subroto, the newly-appointed secretary general, e mandate to seek a new consensus. Page 30

Rise and fall of a Lloyd's leader Reanan Gedeliah Ben-Zur, 34-year-old chief executive of PWS Holdings, Lloyd'a insurence broking group, enjoyed a meteoric eight-year career in the London insurance market. Yet on Wednesday, following e five-hour board meeting, his fellow directors accepted his abrupt resignation. Nick Bunker looks et the problems which led to the surprise move. Page 20.

Heidelberger takes the plunge



eidelberger Druckmaschinen, tha world'a larg-est maker of print machinery, has taken the Atlantic plunge. With its egreed \$300m takeover of Herris Graphics' Wah Press web offset husiness in the US, the company moved over-

seas for the first time and boosted its alze by nearly a third. But Heldeiberger Druck makes no secret of the fact that another key motive was to keep its Japa-nese opposition at bay. Heidelberger snatched the Harris company from under its main com-petitor's nose by offering more money. Page 17

Bourse revs up for new market The French stock exchange has given the green light for the opening of a new market in voting rights, allowing holders of non-voting certificates of investment to convert their paper into ordinary shares. Dealing is expected to begin at the end of September, and could lead to crucial shifts in the balance of power at sev-eral companies viewed as possible takeover targets such as Bouygues, the French construction group, Page 18-

Davy steels itself for business



US machine builders and suppliers to the eteel industry have bee squeezed almost to expection. But as pros-pects are beginning to gured steel industry, and Davy Corporation of the UK has dug itself into the US market with its purchase of the angineering division of the

belaegured Dravo natural resources company. Deborah Hargraaves looks at the sale which marks part of a long-term shakeout in the US metallurgical plantmaking husiness. Page 16

Ti earnings soar to £40m

Ti Group, the restructured UK engineering group, announced e 60 per cent increase in pre-tax profits from £25.1m (\$43m) to £40.1m for the six months to Juna 30. The results are the first which reflect TI's exit from the dome tic appliance business end its focus on specialist engineering businesses. Page 19

Market Statistics

Base lending rates FT-A world indices FT Int bond service

London share service Money markets World commodity prices World stock mid Indices

Companies in this section

Wereldhave Argyle Trust Bergen Bank Bowater British Airways CSL Corporation Cowan, de Groot Cowle (T) Devy Corp Dus & Bradetreet Egorion Trust Finlen Group

General Re Heidelberger Druck Heywood Williams Hickson Int. IFICO Jarvis (J) & Sons Komori Michelin Canada Peachey Property
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Personal Computers

Chief price changes yesterday 160.5 + 18.5 138.5 + 8.9 949 + 23

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444 + 7 749 + 11 295 + 8 Trusthouse Forte 261 VG Instruments 325 Martey P. & Q. Deld:

Mecca takes pleasure in a bold gamble

David Waller on Michael Guthrie's plan to scoop the UK leisure pot

Leisure, is used to taking a gam-ble with the stock-market. nightclubs group was the first to hold a rights issue in the aftermath of the October crash - now it has chosen to enliven the dol-drums of August with an audacious £588m (\$1.06bn) bid for lei-

sure rival Pleasurama. sure rival rieasurama.

The bid is not just bold – the share only offer values the bigger company at nearly three times Mecca's own market capitalisation - it is positively cheeky. Not only is the predator substantially smaller than its intended victim, but the terms and the timing of the offer also seem calculated to

cause maximum provocation. Mr Gnthrie said thet Plea-surama shareholders were being offered the opportunity to create an unparallelled leisure group in the UK. "As yet, there is no significant player in the leisure mar-ket," he said, "either from the investors point of view or in terms of market share."

There is no cash alternative to sweeten Mr Guthrie's proposals. Worse, from the target's point of view, is that the bid has come just a week before it was hoping to formalise its most important strategic acquisition in years – the proposed £63m purchase of the Hard Rock restaurant chain. Mr Robert Earl, president of

r Michael Gnthrie, the how-tie wearing chairman of the UK's Mecca leisure, is used to taking a gamble with the stock-market.

His bingo, holiday camps and hightclubs group was the first to the latest deal, expressed his company's response in contemptuous terms. "They are nice people," he said, speaking from California. "They have a good little business and they should attached the said."

stick to it." When the Hard Rock transaction was announced late last month, and the accompanying £127m rights issue, it appeared to put an end, once and for all, to the takeover speculation which has swirled around Pleasurama ever since Mr George Martin, its erstwhile chairman and chief executive, left the company

executive, left the company under mysterious circumstances at the beginning of last year.

His departure — ostensibly because of a boardroom row over acquisitions policy — left the company looking rudderless and vulnerable. Mr Nat Solomon, chairman until the previous Autumn, was hauled ont of retirement to take up his old job. retirement to take np his old job. And it was at this time, it emerged yesterday, that Mecca and Pleasurama held secret talks

over a possible link-up.

The problem for Pleasurama was two-fold — to find a replacement for the charismatic George Martin, and to reduce its traditional dependence on casinos, which used to account for over half group profits.

Although strongly cash-genera-tive, earnings from this business were perceived as being of low



tudes of Middle East politics -and so much was proven at the interim stage last year, when pre-tax profits slipped from £19.21m to £16.27m because of a downturn in the take from the London casinos.

The dual problems were solved in August last year, when the company agreed to pay £68m to acquire President Entertainments. This took Pleasnrama away from the roulette wheel and into pasta bars and theme restau-

It also provided an injection of new management in the form of the entrepreneurial Mr Earl, and his finance director, Mr Stuart Lee. From one London property, Shakespeare's Feast in Black-friars, opened in 1978, Mr Earl's empire had expanded to include 60 UK restaurants and five Orlando outlets in Florida. Its

Mr Earl's brief was to repeat his early success on a larger scale, and in the US. The first step towards this was the pro-posed acquisition of Hard Rock which went hand in hand with the purchase of a 600-acre tract of Virginia as a site for a mammoth leisure complex. Mecca wants to prevent the Hard Rock deal from going through, although the Williamsburg acquisition cannot be unscrambled.

The bid is clearly a challenge to Mr Earl's strategic vision. In deciding whether to account it

deciding whether to accept it, institutional investors will have to decide whether to give him the

benefit of the doubt. It is certainly the case that a merger would — at a stroke — take the proportion of profits coming from casinos down to 15 per cent, in line with Plea-surama's objective for 1990. What is more, it would cut Mecca's

hingo husiness, which accounted for £5.8m of last year's operating profit of £31.6m.

If Mecca does get away with it, the merger with Pleasurama would create a new force in the general leisure merket, which covers everything from discodancing and catering to bingo and holidays.

The new grouping would have a market capitalisation of around £800m and turnover of around £500m. It would be the largest "pure" leisure company in the

Mr Guthrie argues that it would make a compelling invest-ment. After all, the leisure sector as a whole has outperformed the main stock market by 15 per cent over the last year, and the new company would be well posi-tioned in the fastest growing areas of all – entertainment and catering, holidays and hotels.

Writers ready to call off **US** strike

By Jamas Buchan in New York

AMERICA will be back on its regular television diet of soaps and talk shows by the middle of the actumn as a result of yesterday's announcement that Holly-wood's striking screenwriters were prepared to return to their

The 9,000 scriptwriters who stopped work in mid-sentence on March 7 should be back at work on Monday after their union, the Writers' Goild of America, reached a tentative agreement with movie and television producers in Los Angeles late on

Wednesday.
The deal, which will go to a full union vote in New York and Los Angeles on Sunday, will give the writers a share of the profits

television shows earn overseas. Because television is booming overseas, ahove all In Europe, and slack in the US, the arcane issue of "foreign residuals" rap-idly became the key to one of Hollywood's longest and most

painful disputes.
Since feature films take more than a year to produce from script, the movie industry has scarcely been affected by the five-month strike.

However, for the three US networks, the prospect of a solution could not come at a better time. The marginally profitable net-works, which lost as much as 10 per ceot of their aodience to other forms of television last year, were hracing for further losses if they had to churn out repeats and dnds through the

important antumn season. The networks were yesterday scramhling to begin work on shows to slip into schedules due to start in mid-September.

However, it looks as though the schedules will be patchy for a month to six weeks after that. Worst hit is the weakest of the three, CBS, which may not have new programmes ready until December.

NBC, tha leader in andience ratings, plans a heavy pro-gramme of sport, including the Olympics.

ABC is to show an 18-hour

mini-series, War and Remem-brance, in November. The Federal Communications Commission, the Washington

regulatory agency which is seeking to open np competition in the cable industry, said yesterday it was considering dropping a rule that hans the networks from owning cable systems.

The proposal, which follows a similar recommendation for local telephone companies, could set off a battle royal over the future of the valuable industry.

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US court backs union bid to halt cuts at Eastern

By Anatole Kaletsky in New York

EASTERN Airlines, one of the ern to Continental Airlines. has also had to alter its published two main operating subsidiaries of Texas Air, the higgest US pas-senger carrier, has been tempo-rarily barred from implementing hig cuts in its operations and sacking 4,000 of its employees.

This was an unexpected and potentially critical legal setback for Eastern. A Washington Federal court ruled that the company's plan may have violated US labour laws and issued a temporary restraining order, forbid-ding their implementation. · Eastern's unions contended

that tha company's cuts were designed not just to reduce its losses, hut also to switch operations and assets from EastTexas Air's non-unionised susbi-

diary.

While the judge did not specifically uphold this complaint, he did find that Eastern was "trying to circumvent the bargaining process" with its unions. He decided the airline's proposed cuthacks involved "a sufficient threat of injury to the unions" to justify a temporary injunction. Eastern said it was considering

If the appeal fails or the injunc-tion is made permanent, the consequences could be serious for both Eastern and Texas Air. Both companies have been los-ing large sums of money. Eastern

flight schedules from August 31 to take account of the closure of its base at Kansas City and other cuts announced last month. Some analysts speculated a

legal decision which prevented Eastern closing down unprofita-ble operations or undermined its hargaining power against the unions could even lead to a Chapter II bankruptcy filing by East-ern - which would give the company tima to reorganise its affairs under court supervision.

This was the strategy used by Mr Frank Lorenzo, Texas Air's chairman, four years ago to break the unions at Continental.

Consob clears prospectus for Ferruzzi Finanziaria

By John Wyles in Rome

CONSOB, the Italian stock exchange regulatory agency, yesterday paved the way for the television magnate, for L969bn completion of Mr Raul Ga controversial restructuring of his Ferruzzi and Montedison groups hy epproving the prospectus for a public quotation of Ferruzzi Fin-

It has thus given the green light to the absorption by Fer-ruzzi of META, Montedison's prosperous financial services and retailing subsidiary on the terms originally proposed by Mr Gar-

Thesa terms remain an exchange of 15 Ferruzzi shares for every four of META, despite (\$701m). This was substantially higher

than the valuation contained in the original Ferruzzi/Montedison prospectus and prompted some analysts to call for a revision of the terms set for the absorption The Italian Treasury appeared

no more impressed by these demands than the Consob and gave its own approval last week. Ferruzzi Finanziaria is expec-ted to make its stock market dehut on September 1 at a price which at current values would be

the sale of 70 per cent of Standa, in the region of L3,000 a share. りょうしゅうしんしんしんしんしんしんしんしんしんしんしん Take on the Stock Market with a bunch of fives.

If you've got five fivers to hand each month, investment in the stockmarket is now within

Through the Foreign and Colonial Investment Trust Private Investor Plan, you can put from £25 a month in a mix which includes blue chip companies like BP, IBM, Hitachi or Peugeot. With us doing the hard work of deciding what, and when, to buy and sell.

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easiest ways to get your hands on a substantial stockholding. Complete the coupon for the Annual Report containing more details.

of Course, the past is no guide to the future and shares can go down as well as up, but you might like to know that even over the past five years to 31.12.87, including the October crash, the Trust still rose 153%. The kind of return you might find handy.

For a copy of the Annual Report, more information and application forms for the Private Investor Plan, send this coupon to: Elemor Bren, Foreign & Colonial Management Limited. 1 Laurence Pountney Hill, Landon EC4R 0BA. Or telephone (01) 623-4680, Manager of The Foreign and Cobmial Investment Trust PLC and a member of IMRO.

Mr/Mrs/Miss/Other:_

Foreign Colonial

\$100m BOC bid for Spectramed

By Nikki Talt in London

BOC Gronp, the British industrial gases and health care gronp, yesterday announced plans to make a \$101m tender offer for Spectramed, a California-based medical equipment manufacturer.

In addition to the purchase price, BOC will - if successful - take on debt of around \$50m. Spectramed is involved in products which facilitate intravenous monitoring. It developes and manufactures advanced sensors, catheters, and other related accessories, which are then used in intensive and coronary care units, emergency rooms and catheterization laboratories.

According to BOC, the interests will complement both its existing non-invasive monitoring systems business, Ohmeda, and its Viggo intravenous therapy subsidiary. "This extends our role in critical care," commented Mr Richard Giordano, BOC chair-

The Newport Beach-based com-

ties as Statham Industries, before being acquired by Gould, the US electronics group, in 1974. In 1986, the current business was subject to a buyout by around 40 mem-bers of management, and a year ago it secured e Nasdaq quote. In 1987, Spectramad had an operating income of \$9.75m on sales of \$75.3m. However, this fig-ure was struck before interest,

amortisation of gcodwill and exceptional items. The net loss after extraordinary items was \$3.67m. Yesterday, Spectramed said that interest charges had been particularly heavy in the first half, ahead of fund-raising at the time of its Nasdaq quote, and that it had also incurred a one-off extraordinary cost of \$3.2m when closing its Puerto Rice plant. Operating income in the first half

Around 40 per cent of Spec-tramed's sales go outside the US,

of 1988 was \$6.33m on sales of

pany started life in the early-for- mainly to Europe and the Far BOC'a hid of \$12 a share is

being recommended by the US company's board, following lengthy negotiations. The British group also has an option to purchase approximately 31.5 per cent of the company's equity from cer-tain Spectramed shareholders at the offer price. Shares in Spectramed jumped by \$6.50 to \$11.50 in New York yesterday.

The offer, however, is still sub-

ject to the end of the waiting period required by the Hart-Scott-Rodino anti-trust act. BOC, which last month com pleted its withdrawal from the carhon graphite husiness, has been steadily expanding its healthcare interests. In the first half of 1987/8, the

healthcare division accounted for about one-quarter of total operating profits. In the last full year, it made an operating contribution of £80.6m, out of total operating profits of £314m.

Record second-quarter for Akzo

By Laura Raun in Amsterdam

WIDER PROFIT margins and a buoyant economy helped Akzo achieva record second-quarter earnings and prompted the Dutch chemicals and fibre group to raise its full-year profits forecast. Net income surged 27 per cent

from Fl 191m to Fl 242m (\$115m) in the second quarter, the highest quarterly level ever if extraordinary items are excluded. Mr Syb Bergsma, board member in charge of finances, said 1988 earnings are now expected "significantly" to exceed last

year's Fl 669m. Akzo is reaping the rewards of heavy restructuring aimed at strengthening higher value added chemicals and fibres, while trimming hulk, commodity products.

Indicious acquisitions in specialty chemicals and fibres have produced structurally wider operating profit margins. These rose from 8.7 per cent to 9.6 per cent in the first quarter.

Operating income climbed across the board in the traditionally firm second quarter. Synthetic fibres, a source of heavy losses in the past, posted a healthy rise, while chemicals were aided by the acquisition of Stauffer specialty chemicals last

Boosted by acquisitions, sales rose 9 per cent from Fl 3.84hn to Fl 4.17bn in the second quarter, Generally higher shipments and firmer prices, underpinned by the stabler dollar, also foalled the

In the first half of 1988 profits soared 18 per cent from Fl 371m to Fl 436m. Turnover rose 7 per cent from Fl 7.7bn to Fl 8.2hn. Mr Bergsma said Akzo was still

interested in further ecquisitions in strategic areas such as specialty chemicals, pharmaceuticals and coatings. The US remains a target area, along with the Far East Perennially flush with cash,

Akzo now has Fl 929m in liquid assets which could serve to back any takeover bids. Commenting on persistent rumours that Akzo itself is a takeover target, Mr Bergsma denied that the Arnhem-based company has been approached by e corporate suit-

INTERNATIONAL COMPANIES AND FINANCE

General Re sells life reinsurer as earnings soar

Street, which fears that com-

petitive rate-cutting is about to destroy the profitability in both insurance and reinsur-

ance.
The company's combined

operating ratio was a healthy 99.1 per cent, which means that the company is paying out

less in claims and expenses than it takes in in premiums.

But premium volume for the second quarter tumbled 18.2 per cent to \$481.6m, with an 18.5 per cent fall in domestic property/essualty business.

property/casualty business. General Re said this was

because primary insurers increased their retention levels

on treaty reinsurance and bought less risk-by-risk rein-

for the six months, operating income rose 18.3 per cent to \$253.4m or \$2.63 a share on a reduction in net premiums from \$1.24bn to \$1.05bn.

American International, the

diversified property/casualty

insurer, reported e 22 per cent

increase in operating earnings in the second quarter to \$287m

or \$1.75 a share, despite

increased competition in its

domestic property casualty business. The New York com-

pany said revenues increased 16.3 per cent to \$3.17bn.

coats film mostly for the photo-

graphic and computer industries. It also supplies decora-

tive stripes for the automotive industry. These businesses will

ter's chairman, said the aero-space division accounted for

ess than 20 per cent of Rex-

ham's sales and profits and did

not fit in with Bowater's other

also placed strict controls on non-US owners of defence con-

\$5.3m of Rexham's \$28.6m oper-ating profits in 1986 and \$38.7m

businesses. The US Pentagon

The division contributed

remain with Bowater.

tractors.

For the six months, operat-

By James Buchan in New York GENERAL RE, the largest US reinsurance group, yesterday reported a sharp rise in its net operating earnings for the second quarter and the sale of one of its subsidiaries.

The earnings increase came in spite of the continued drain of business as primary insurers lay off less of their risk.

General Re said its operating income, excluding the life business, rose 17.5 per cent over the 1987 June quarter to \$128.5m or \$1.34 a share. After a \$48.1m loss on the life sale, General Re reported net income of \$81.1m or 85 cents.
The Stamford, Connecticut

group is selling General Reas-surance, its life reinsurance subsidiary, at a loss so that it could concentrate on its prop-

erty/casualty business.
The purchaser, a group of investors called Insurance investment Associates, is paying \$300m for the business, which had assets of \$913.3m at June 30. The second quarter result shows that General Re is mak-

ing big profits on its diminishing book of business but not scrambling to cut rates and attract more reinsurance from the primary market. This is encouraging for Wall

BOWATER INDUSTRIES, the

British packaging and building

materials group, is raising \$38m from the sale of part of

Rexham, the US industrial con-glomerate bought last year for

Bowater has agreed to sell Speedring, which manufac-tures high-precision compo-

nents for the aresospace and

defence industries, to Precision Aerotech of La Jolla, Calif-

Speedring represented the

bulk of Rexham's aerospace and defence division, which

Bowater announced at the end

of last year that it would be

Bowater to raise \$38m

from Rexham unit sale

By Andrew Taylor, Construction Correspondent

D&B to buy top credit insurer

By Anatole Kaletsky in New York

DUN & BRADSTREET, the leading US business information company, yesterday agreed to buy American Credit Indemnity, the country's biggest insurer of business credit, from Commercial Credit Group for \$140m in cash.

Commercial Credit, a Baltimore-based finance and insurance group which was spun off two years ago by Control Data and is now run by Mr Sanford Weill, said it would realise a pre-tax profit of about \$60m on the sale.

ACI's main business is to DUN & BRADSTREET, the

ACI's main business is to insure its policyholders' trade receivables against the risks of default and bankruptcy by

their customers.
Yesterday's deal appeared to be attractive for both D&B and Commercial Credit because the ACI's highly specialised business is closer in character to the business data gathering operations of D&B than to Commercial Credit's property and casualty insurance inter-

D&B is the leading source of information on the operations and finances of small busi-nesses in the US, as well as on bankruptcies and company

ACI is a leading customer of ACI is a leading customer of D&B Credit Services. This produces the credit reports which are a primary source of information to the business credit insurance business and also includes Moody's Investors Services, one of the two leading US bond rating agencies.

D&B has been restructuring itself in the past five years to

itself in the past five years to focus more sharply on busi-ness information and credit analysis. Since 1984 it has sold several businesses involved in broadcasting and technical publishing, and bought two of the world's biggest marketing research organisations — A.C. Nielsen and IMS, which collects market information on the pharmaceuticals industry. D&B bought IMS in a \$1.5bn stock transaction earlier this

Commercial Credit said that while ACI, which had net income of \$11.2m last year, was an excellent business, it did not fit in with the company's long-term strategy.

Savings body urges action on thrift loans

US FEDERAL regulators US FEDERAL regulators should act to staunch mounting losses in the savings and loan industry by banning insolvent thrifts (savings and housing finance institutions) from making new loans, the Netional Council of Savings

Institutions said.

Mr Charles Koch, NCSI chairman, said: "A significant number of insolvent S&Ls continue to grow and take risks that add undue burdens to the

Insurance Corporation and the entire financial system."

By paying above-market rates for deposits and charging below market interest on mortgages, these "walking dead" thrifts were driving up costs for the whole industry.

The NCSI has presented its proposal to the Federal Home

Loan Bank Board, which regulates thrifts, and to Mr William Proxmire, Senata Banking Committee chairman. Mr Koch's remarks come

were accumulating at a rate "close to \$1hn a month" and already amounted to about

Mr Seidman's figures, which far exceeded previous projec-tions by the S&L industry's regulators and the US Treasury, seemed to be the first public acknowledgement by a

Reagan Administration official that the probable costs of rescuing the housing finance industry were rising rapidly and had already reached the top end of estimates that were considered alarmist only a few

months ago.
According to the NCSI, 444
insolvent FSLIC-insured thrifts
with \$126.7bn in assets were unprofitable and insolvent at the end of 1987.
As a group, the assets of these thrifts shrank 5.9 per

- and companies are working hard to bring the figure down

The efforts to boost produc-

tivity has prompted the steel industry, which is showing

healthy earnings for the first time in hearly a decade, into considering long-neglected cap-

While the industry has been

investing modest amounts through lean periods, the do-lar-value of recent project

inquiries has risen dramatic-ally, Mr John Kelman, general-manager of Davy's Pittsburgh operation, reports.

With continuous casting ratios for steel production in the US still behind those of

Japan and Germany — about 60 per cent, compared with close to 90 per cent — Big Steel

is pushing to increase its cast-ing capacity. This has also led to a considerable interest in

attendant rolling mill moderni-

sation, where Davy says it has seen many inquiries.

cess for plantmakers is expensive and time consuming, "the leverage is incredible when the

business turns right, and this is what Davy is waiting for,"

Mr Bartlett says. The combination of Davy's

Pittsburgh operation with Dravo's engineering division, will result in annual turnover

of about \$140m.

Dravo will add its technology licences to Davy's existing

expertise, bringing with it sev-

eral large contracts, such as a

\$40m vacuum degassing plant

for Canada's Stelco.

Although the bidding pro-

further.

ital investment.

cent last year because of stricter capital requirements and regulatory growth limits. But 105 of the thrifts increased their assets in 1987, including 32 which grew by more than 10

per cent.
The NCSI proposal would ber sick thrifts from making new loans or acquiring any new investments, instead, cash inflows would be used to pay off brokered deposits and other debt, so that the insolvent S&Ls would self-liquidate.

Plantmakers steeled for shake-out

Deborah Hargreaves on problems facing US steel industry suppliers

etallurgical plant-makers have in the US faced fierce com-Japanese compenies at a time of contraction and slow capital investment in the steel industry. Only in the past year have US steelmakers, buoyed by a flourishing market, started to consider large capital invest-

ment projects.

Davy Corporation's recent purchase of the engineering construction division of Dravo, the beleaguered US engineering and natural resources company, comes as the construction group positions itself for a pick-up in investment. It is also part of a long-term shak-eout in the US plantmaking

Mr David Bartlett, who follows US plantmaking at investment firm Ladenburg Thal-mann, says: "This has been an absolute horror story... they (the plantmakers) have had a terrible time.

"The market was so bad, I

thought the shake-ont would be worse than it was."

US machine builders and suppliers to the steel industry have been squeezed to near extinction.

The Japanese have such a strong presence, however, that there is very little chance of US companies being able to cash in on any major invest-ments in the US steel industry. Therefore, the Davy deal is likely to prove the exception rather than the rule.

Large US engineering and construction companies like Bechtel and Fluor have frantically diversified, with an emphasis on service contracts to isolate them from the cyclical nature of traditional plant-making.

The number of large, US all-rounders with the ability to

and construction division in preparation for a sale at the beginning of the year.

For the past 20 years, the US

worker to produce a tonne of steel). The industry average is currently under six hours per tonne — down from 10 in 1979 complete a large steel investment project from start to fin-ish has dwindled during the plantmaking recession of the past 10 years, while smaller, entrepreneurial companies have turned towards providing specialist engineering services.
It has been left largely to Japanese and European heavy engineering companies to hid

For the past 20 years, the US steel industry has spent less than half of the amount it should have done in replacing Capital investment by Big Steel has halved in the past six years — from \$2.4bn in 1981 to \$1.2bn last year. But in the past nine months, as the steel market has finally picked up, the industry has whispered plans for some significant

'Dravo's capabilities may be limited but it has good customer contacts, and that counts for a lot in this incestuous business'

now being favoured by a steel industry which has pared its own engineering departments to the bone.

for the type of turnkey projects

This was part of the ratio-nale behind Davy's acquisition of Dravo's Pittsburgh operations, which is valued at between \$3m and \$4m. Davy has dug itself into the US mar-ket and is seeking maximum benefit from the turnound in the steel industry.

Mr Bartlett says: "Dravo's capabilities may be limited, but it certainly has good customer contacts, and that counts for a lot in this incestuous busi-

Ironically, Dravo, which had been bolding on to its plant-making arm in the hope of seeing a steel recovery, has divested the operation just as steel prospects are looking up. The company is keen to focus itself as a natural resources operation and wrote

off its loss-making engineering

Collective losses in the US el industry, totalling about

\$8hn in the past 10 years, have kept capital investment to a Even when cash-flow was healthier, US companies have been wary of committing them-

selves to long-term, high-cost projects which show little immediate return for share-

But Mr John Jacobson, steel industry analyst at AUS Consultants, believes that after falling behind many of their European and Japanese competitors, "the industry has got to the point where many investments." investments have immediate paybacks because of cost Cost-cutting remains one of

Big Steel's continuing priorities as the industry struggles to reduce its man-bours per tonne (the time it takes a

Michelin in Canadian expansion By Robert Gibbens

in Montreal

MICHELIN CANADA is expanding its tyre plants in Nova Scotia in a C\$500m. (US\$416.6m) programme aided-by a C\$48m 15-year interest free loan from the provincial

government.
The federal government will reduce duties on imported raw materials, a benefit estimated to be worth C\$25m over 15

The expansion covers mainly earth-mover, heavy truck and subway tyres, but also car and light truck tyres. Michelin moved into Nova

Scotia about 20 years ago in its first effort to gain a hold in the North American market. The plans have been expanded twice already. Earlier this summer, the

United Auto Workers Union failed for a fourth time to organise Michelin Canada's two plants.
The company said the expan-

sion has been in the planning stage for many months and that the union abandoning its fight for certification rights signalled the way for an announcement.

Torstar Corporation, a Canadian publishing group which owns The Toronto Star. which owns The Toronto Star, Canada's largest circulation daily, earned C\$49m or C\$1.22 a share in the first half, up from C\$47.7m or C\$1.02 a year ear-lier on revenues of C\$463m against C\$416m.

Second-quarter net was C\$24.8m or 61 cents a share against C\$22m or 56 cents on revenues of C\$237m against C\$219m.

*HE :

Rexham owns packaging of group sales of \$243.2m.

NEW ISSUE

This announcement appears as a matter of record only,

August, 1988

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A\$ 125,000,000

Notes due 1992 that the Rate of interest for the interest Period 29th July, 1988 to 3 Let October, 1988 has been fixed at JAC OCCOPET, DOO GAS OFFER INFO ST 12.8858% per amount. The coupon amount will be A\$ 3,318.53 for the A\$ 100,000 denomination and will be payable on 31st October, 1988 against surrender of Coupon No. 4. ters Hanos

Brasilvest S.A.

Net asset value as of 29th July, 1988 per CZ Share: 261.00 per Depositary Share: per Depositary Share: (Second Series) US\$9,357.38

Depositary Share:

(Third Series) US\$7,963.24 per Depositary Share: (Fourth Series) US\$7,439.36

The second secon

Compagnie de Saint-Gobain

has acquired

Wolverine Technologies Inc.

The undersigned acted as financial advisor to Compagnie de Saint-Gobain. in this transaction.

LAZARD FRÈRES & Co.

July 25, 1988

BfG:

London Branch D.S. \$100,000,000 FLOATING RATE DEPOSIT NOTES 1992 In accordance with the provision of the Notes, notice is hereby given that for the Interest Person Sch August, 1988 to 6th Februar 1989 the Notes will bear interes

1989 the Notes will bear interest or the rate of 31½ kg for amount, The Coupon amount per U.S. \$10,000 Note will be U.S. \$452.86.
The Interest Payment Date will be 6th February, 1989.

BankAmerica

U.S. \$400,000,000

Holders of Notes of the above issue are hereby notified that for the next Interest Sub-period from 8th August, 1988 to 7th September, 1988 the following will apply:

1. Interest Payment Date: 7th September, 1988 2. Rate of Interest for Sub-period:

for Sub-period:

81/1/2 per annum Interest Amount payable US \$348.96 per US\$ 50,000 nominal

4. Accumulated Interest Amount payable: US \$1,030,04

per US\$ 50,000 nominal 5. Next Interest Sub-period will be from 7th September, 1988 to 7th October, 1988.

Bank of America International Limited

INTERNATIONAL COMPANIES AND FINANCE

Heidelberger's transatlantic splash

Andrew Fisher on a West German print machinery group's US deal

Heidelberger Druckmaschinen

explosion" has swept explosion" has swept through the printing world, the world's largest maker of machinery for the industry has seen its turnover double in the past five years: "In a few years, even wed-ding announcements could be in colour," said Mr Horst Schlayer, sales director of Hei-delberger Druckmaschinen of West Germany, not entirely

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But for all its size, with parent company turnover likely to rise by a further 8 per cent at rise by a forther 8 per cent at least this year from the DM2.05bn (\$1:1bn) booked in 1967. Heidelberger Druck has never moved overseas. Until last week, that is. With its agreed \$300m takeover of Harris Graphics' Web Press web offset business, part of the AM International office equipment group, the company added a foreign production unit to its wast non-German sales netvast non-German sales net-work and boosted its size by

nearly a third. One reason for the move was clearly to gain US production, while building up the US com-pany's export business. But-Heidelberger Druck, which employs 7,600 people in Germany, makes no secret of the fact that another key motive was to keep its Japanese opposition at bay. Along with MAN-Roland, also based in Germany, the company's main competition is the aggressive Komori company of Japan. Clearly, Komori thought it

had Harris, But the German company obviously thought it was in its interests to prevent the Japanese. Not only does Harris, with a total labour force of 2,700 people, have plants in the US and Mexico, it

United Paper Mills

buys Stracel stake

UPM and Norske Skog of Nor-

Annual sales (DM bn) Investment in each Syr, period (DM m) 1000 20 800 200

1962 67 72 77 82 87 1958-62 68-72 78-82

also has one in France, at Mon-tataire. Thus, if it had been prepared to raise its \$250m offer for Harris, Komori would have obtained at one fell swoop vital new capacity on both sides of the Atlantic.

It would have become a more potent challenger not only in North America, Heidelberger's second biggest market after Germany; but also in Britain, its third most important. The German company, with nearly 30 per cent of its turnover abroad, has a sales force of 350 in Petricia. in Britain, based in London and other centres. Komori is also active there, though not in Germany, but has no European

production.
Heidelberger snatched Harris company from under Komori's nose by offering more money. It will finance the deal from its own cash resources and plans to ginger up Harris's sales and production by increasing its orders of \$300m nearer to its annual turnover

customers being drawn mainly from the world's 150,000 smalland medium-sized printing

machines to 150 countries, its

These are in ferocious competition with each other. So Heidelberger, over which Rheinisch-Westfälisches Elekrizitätswerk (RWE) has indi-rect control, has found busi-ness increasing rapidly. In 1987, net profits soared from DM184m to DM248m. But it also has to keep up with rap-idly changing technology. Although printing machines still last for up to 20 years, customers' increasingly stringent demands mean they are now kept for between seven

Most of Heidelberger Druck's equipment, costing between DM30,000 and DM10m, is used in commercial printing. To make its machines more flexi-ble and able to deal with ever shorter and faster print runs, it makes extensive use of elec-tronics. It writes its own software and has developed its own microcomputers. At the other end of the production chain, it has its own foundry.

Heidelberger Druck expects to keep growing, as long as economies continue expanding. Although the higher D-Mark has been a handicap, the comconstant innovation and strong attention to service and training. "Companies want to present their products more attractively through advertising, brochures and other litera-ture," said Mr Schlayer. "There is real slaughter going on in the printing market. So the machines have to be of much

Philips plans computer market assault

of more than \$350m and adding more business from Europe and the Far East.

"With our better knowhow, we think we can improve its performance," said Mr Hilmar Dosch, Heiseberger's finance director. Owners Havris is only

director. Overall, Harris is only

at break-even point, largely due to the problems of bring-

ing its new components plant in Dallas, Teras, into full pro-duction. "We think we can turn it round," he added. The

French plant is profitable, but needs modernising. Compared with its 50 per cent of the US commercial web offset equip-ment market, Harris has much

smaller market shares else-

Since Heidelberger is pre-dominantly in the sheet fed off-

set business, there is little overlap with the weh offset activities of Harris. Web offset

accounts for only about 5 per cent of the turnover of 138-

year-old Heidelberger, which has delivered 350,000 printing

UNITED Paper Mills, a Finnish forest products group whose interests include the Shotton company, is planning an assault on the European per-sonal computer (PC) market, of which it at present holds a negnewsprint plant in North Wales, has bought 50.04 per cent of Stracel, the French ligible share, according to one state-controlled pulp manufac-turer for an undisclosed price, of its executives.

Philips sold 100,000 PCs writes Olli Virtanen in Helthroughout Europe last year, giving it a market share of The deal, signed on Friday and announced yesterday, ends a hitter fight between

about 2 per cent.

Mr John Dring, who is in charge of the company's PC strategy for the UK, said Phil-

PHILIPS, the Datch electronics PCs in 1990, giving it 7 per cent into selling PCs for applica-

of a larger market.

Philips's main thrust would not be to compete head on with market leaders such as Amstrad of the UK, and IBM and Apple of the US, Mr Dring said

Instead, the company would be seeking to differentiate itself from its rivals by packaging its PCs with other technologles such as video discs and compact discs.

ips was expecting to sell im . Philips would make a push

tions such as training and sales promotion, markets relatively unexploited by its com-

The company would also introduce new personal com-puters later this year, includ-ing a model designed to be compatible with IBM's Per-

sonal System 2 range. Mr Dring said Philips was in negotiations with IBM to obtain the necessary licences

WestLB HCS in peace bid with maintains earnings

By Haig Simonian

PARTIAL operating profits at Westdeutsche Landesbank (WestLB), West Germany's fourth largest bank, were vir-tually unchanged at DM392m (\$210m) at parent bank level in the first half of this year against DM390m in the corre-

sponding period last year.

WestLB's other figures are given only as a percentage change against earnings for half of 1987, making direct comparisons impossible. However, It said full operating profits for the group, which include gains from trading on its own account, were just under 1 per cent ebove the fig-ure for half last year, and full results for the parent bank increased by 5 per cent because of higher earnings from own-account trading.

First-half interest earnings for the parent bank rose to DM840m from DM801m, despite continuing pressure on margins. Fee income fell slightly to DM106m from DM110m in the first six

months of last year.
Mid-term total assets for the parent bank rose marginally to DM144.3hn from DM142.3hn at the half-way stage last year.
Confirming the pick-up in the West German economy as a whole, loans to customers increased by 3.7 per cent to DM67.2m against DM64.8m et the end of last year, with the bulk of the increase coming in long-term credits.

Bergen Bank to merge offshoots

BERGEN Bank, one of Norway's top three banks, is to merge recently acquired Nevi. Scandinavia's largest financing company, with its own finance offshoot, Fahin, resulting in a 20 per cent staff reduction, writes Karen Fossli from Oslo.

Bergen Bank's profits in 1987 fell to NKr550m (\$81m), because of NKr480m in loan and share trading losses, from NKr921m in the previous year. dissident UK investors By Laura Raun in Amsterdam

HCS Technology holds another

shareholders meeting today at which the small Dutch computer company hopes to make peace with dissident UK investors in a fend about takeover

tactics.
In a wider sense the battle is far from over. It is expected to fuel more attacks on the oligarchic powers enjoyed hy Dutch corporate managers. Schroder Capital Manage-

ment and Equity and Law Life Assurance of the UK have twice sued HCS in an effort to stop the company's takeover of Microlife, a company indirectly owned by HCS president Mr J.J. Kuijten. The acquisition of 51 per cent of Microlife will go ahead but Mr Kuijten has offered other olive branches. He has offered to withdraw the HCS preferred shares

which were issued recently. ostensibly to protect against a hostile takeover. But many observers believe they were lit-tle more than a veiled attempt

to give Mr Kuijten veto powers over shareholders since the shares amount to half of the share capital and were planted in a management-friendly

Mr Kuijten, who owns about 34 per cent of HCS through his investment company Reiss, agreed not to sell HCS shares unless other board members were notified. Finally he promised to consult institutional investors about enlarging the supervisory board.

The bitter battle surrounding HCS reflects the difficult process of adjustment that is gripping Dutch companies as financial markets become more international. Increasingly their managers are under attack, their arcane anti-take-over defences are crumbling and their shareholders are

revolting.
The adjustment process began last year with the hostile takeover bettle around Kluwer, a small publisher. It continued this year with a shareholder uprising against Nedlloyd, the shipping group.

The painfully complicated saga of HCS began last spring when the rapidly growing com-pany decided to acquire Micro-life in an effort to strengthen its office automation activities. Microlife belonged to Reiss.

An extraordinary shareholders meeting wes called so shareholders could epprove the change in statutes needed for the acquisition, but too few holders showed up. The annual shareholders meeting granted epproval but then Scbroder and Equity and Law, among other institutional investors filed the first suit to halt the acouisition.

That suit was thrown out of court so a second one was filed last week to annul the voting rights of the newly issued preferred share. That suit also was rejected but HCS said yesterday the votes would not be cast today.

Japan's Asahi Breweries surges into second place

By lan Rodger in Tokyo

ASAHI Breweries surged into second place among Japan's top brewers in the first half due to the extraordinary success of its new dry beer.

The company's pre-tax profits rose 41 per cent in the six months to Y5.8bn (\$43.6m), surpassing the Y5.4bm - up just 4 per cent - recorded at the pre-tax level by Sapporo Brew-eries, hitherto number two in the fiercely competitive Japanese beer market.

Asahi's beer market share rose from 17.4 per cent to 18.5 per cent, mainly because of its dry beer, while Sapporo's fell marginally to 20.2 per cent, Kirin Brewery is the top brewer in Japan, controlling more than half the market.

the first time in more than two decades. Asahi's sales were up 53.8 per cent to Y228.2bn while Sapporo's rose 5 per cent to Y205.5bn.

Both companies' operating ratios declined because of huge expense of sales promotion and advertising of their dry beers. These beers have a slightly higher alcohol content than ordinary lager beers, but their sales success is probably due mainly to the youthful image

that has been created for them. Sepporo's operating profit dropped 63 per cent, but it made a profit of Y6.1bn on financial items. Net profit of Asahi was up 56.8 per cent to Y2.5bn, but that of Sapporo was up only 3.1 per cent to Y2.4bn. Both maintained Y2.5 Asahi's total sales also Y2.4bn. Both maint moved ahead of Sapporo's for per share dividends.

NZ approves newspaper link

By Our Financial Staff

INDEPENDENT Newspapers, New Zealand's largest newspaper group and 40 per cent owned by Mr Rupert Mur-doch's News Corporation, has been given government approval to buy the Auckland newspaper interests owned by NZ News.

The transaction is worth about NZ\$72m (US\$48m) and it brings into the News Corporation fold the Auckland Star, an evening paper, the Sunday Star and various community news-

The deal means that Independent Newspapers owns all the New Zealand Sunday newspapers. Mr John Collinge, Commerce Commission chairman. said be was satisfied that Independent Newspapers would not acquire or strengthen a dominant position in any market,



£100,000,000

1988 the Debentures will bear an interest rate of

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DIVIDEND ANNOUNCEMENT NORLD FURD S.A. will pay a dividend of US\$ 0.05 per share thereholders registered at close of business on July 22 1256.

THEBANKOFNOVASCOTIA



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July, 1988



Australian Wheat Board

Yen 20,000,000,000

Euroyen Commercial Paper Programme

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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Smorgon

steps up bid

for balance

TWO SUITORS making Australian bids worth more

than A\$700m (US\$564.5m) in total have raised their offers in an effort to win 100 per cent

control of their targets.

Smorgon Consolidated Industries has stepped up its bid for Humes, the Melbourne-based industrial group, by 20 cents to A\$2.60 a share

A\$654m. Smorgon has recently increased its shareholding in

Humes from 59.5 to 65 per cent

But the largest of Humes remaining shareholders, the Australian Mutual Provident

with more than 16 per cent of the company, has stated that it is determined not to accept the

by stock market ourch

of Humes

By Bruce Jacques

in Sydney

Go-ahead for voting-rights sector

A new market opens in Paris next month. George Graham reports

he French stock exchange has given the green light for the opening of a new market in voting rights, allowing holders of new voting cartifications of non-voting certificates of investment (CIs) to convert their paper into ordinary

Dealing is expected to begin at the end of September, and could lead to crucial shifts in the balance of power at several companies viewed as possible

takeover targets, such as Bouy-gues, the construction group.

The voting rights market itself will be small and is des-tined for self-destruction. Only holders of CIs will be allowed to buy the voting rights, and the ordinary shares will auto-matically be recreated. Previ-ously, the holders of voting rights could buy in Cls to recreste shares, but not vice

Anglo-Alpha

interim payout

ANGLO-ALPHA, the Sonth

African cement manufacturer

controlled by the Swiss Holder-

bank group, reports higher profits for the first half of 1988

and plans to step up its interim dividend.

R192m in the corresponding

Operating profit before inter-

est and tax rose to R66.8m from

R43.0m and the pre-tax profit increased to R60.6m from R32.7m. Operating profits for

1987 as a whole totalled R100.9m on sales of R418m. Cement sales volumes

increased by 11.2 per cent and sales were particularly firm in the industrial area around

Johannesburg. Nevertheless,

the company's cement plants continue to operate below full

capacity. Sales of crushed stone were higher, but produc-

tion and sales of lime were badly affected by bad weather. The interim divdend is going

up to 30 cents a share from 26

cents. Last year's total divi-dend was 70 cents.

to increase

By Jim Jones

1987 six months.

in Johannesburg

"In the past, you had to drag the piano over to the piano stool. Now, investors will be able to bring the stool to the piano," comments Mr Jean-Claode Georges of the Paris

stock exchange.

The move could, however, revitalise the market in CIs, which has stagnated for months with prices the certificates sinking to substantial discounts to the ordinary vot-

Cls were originally author-sed as a means for nationalised companies to raise capital without diluting state control. The largest issuers were state-owned banks like Banque Nationale de Paris or Créit Lyonnais, and nationalised industrial groups such as Rhône-Poulenc or Pechiney. Companies like Saintt-Gobain, Paribas and Société Gén-érale offered their CI holders

the chance to convert into ordi-nary shares at the time of their privatisation offers for sale. Some privately controlled companies also took advantage of the right to issue non-voting certificates as a means of rais-

ing cash without giving up control. The largest issues include Pecheihronn, the Worms family's holding com-pany, L'Oreal, the cosmetics group controlled by Nestle, and Groupe Victoire, the insurance company jointly controlled by Suez and Compagnie Indus-

CIs have lost investors' favour, and in some cases plunged to discounts of over 50 per cent to the ordinary share price at the beginning of this year, before recovering some ground in recent months.

Voting rights are automatically created at the moment Cls are issued, and belong to

current shareholders along with subscription rights to the new issue.

In many cases, shareholders are not even aware that they may still hold the voting rights, even if they sold their actual shares some time ago.

"As the price of the CI and "As the price of the CI and voting right combined should be around the ordinary share price, the value of the CI should be higher for a tightly-controlled company. Conversely, where control is loose, the voting right will have a greater relative value," argues Ms Deborah Henderson of London based Ark Securities part don-based Ark Securities, part of the BNP group.

She therefore recommends selling CIs in the possible take-over target Bouygues, but sees room for a rise in the CIs of closely held companies like L'Oreal and Béghin-Say.

> Ms Sally Aw, popularly known as the Tiger Balm heiress, has increased her offer fur Cereus Australia to A\$5 a share, valuing the company at more than A\$70m. Bidding through the privately-owned Kargat Pty. Ms Aw's earlier offer of 4\$4.65 a share had been rejected by Cereus' independent directors.

Ms Aw already controls 79.5 per cent of Cereus but wants 100 per cent control in order to relocate this part of her corpo-

rate empire in Hong Kong.

At the same time the Australian merchant banking scene is facing further rationalisation following the decision by Australian Guarantee Corporation to sell its stake in Bill Acceptance Corporation.

AGC is a subsidiary of West-pac Banking Corporation which already controls its own merchant bank, Partnership Pscific. Westpac said main-taining the two merchant hanks would create unecessary doplication.

Ashton Mining makes offer for Hill Minerals By Our Financial Staff

ASHTON MINING. Australian diamond producer. is to hid A\$1.10 cash a share for Hill Minerals, the Austra-lian gold mining group. Ash-ton already owns 20 per cent of Hill Minerals which is val-

ned at A\$53.2m. (US\$42.9) by

Mr David Tyrwhitt, Ashton marked a move into direct gold production for Ashton, which is 16 per cent owned by Malaysian Mining Corporation and which has as its main asset a 38.2 per cent stake in largest diamond mine.

Hill Minerals has an equity stake in about 50,000 ounces of

annual gold output from a variety of projects in Western Australia, including a gold project near Laverton which is expected to start up next The Ashton offer represents

a premium of 51 per cent over the price at which Hill Mineral shares have traded recently.

ABB acquires **GE** service operations By Sara Webb in Stockholm

ASEA Brown Boveri (ABB). the Swedish-Swiss electrical the Swedish-Swiss electrical engineering gronp, has acquired the service operations of General Electric of the US in Portugal and the Portuguese-speaking African countries of Angola, Mozambique, and Guinea Bissau.

The acquired service operations cover electrical and electromechanical maintenance and repair work. They

names and repair work. They have an annual invoicing of around Escihn-1.2hn, or SKr60-70m (\$9.3m-10.3m), employ 230 people, and showed a profit last year. The deal will roughly qua-druple the size of ABB's

operations in these markets. ABB said that it would open the door to important renovation work on power stations in Angola where the war has destroyed several installa-

tions.

ABB claimed the deal would boost its market share in Portugal to about 50 per cent. Its two main competitors, Sie-mens of West Germany and Efacec of Portugal, each has around 20 per cent of the mar-

NEI lifts profits

NEL South African unit of the Northern Engineering Indusroles from lifted first-half pre-tax profit to R23m (\$9.3m) from R16.3m and forecasts a further profit increase in the second half, writes Jim Jones in Johannesburg in Johannesburg.

Pre-tax profit for the whole Last year's total turnover

Trading restricted ahead of US employment data

TRADING VOLUMES in the Eurobond market were limited by technical factors ahead of today's key US July employ-ment data which is expected to set near term trends.

Speculation about today's data dominated business with news of a jump in first-time US jobless claims providing some support to Treasury and Eurodollar bond prices, which showed a marginally firmer tone at the close of London trading.
The resilience of the pound

on the foreign exchanges also buoyed gilts and Eurosterling issues, sithough the upcoming US data restricted volumes.

In West Germany, the amorement of the terms on the new federal government bond and a firmer edge to the dollar combined to depress both domestic and Euromark prices.
The new DM4hn 10-year

issue at par carried a coupon of 6% per cent. Although this was the highest coupon level on a new government issue seen so far this year, it disappointed most dealers who felt that a yield of around 6.90 would have excited more interest among investors. Nomura International led a

\$200m two-year deal for Sweden at 8% per cent and 100.95. This was the first time that a Japanese bank had led an issue for the borrower in fixed rate

US dollars. The pricing, for an initial 23

basis point spread at launch over comparable Treasury issues was considered aggressive but broadly in line with

the market.

It was considered acceptable for a borrower of Sweden's standing and the lead manager pointed out that spreads between Eurodollar issues and Treasury bonds have narrowed considerably over the last couple of weeks.

INTERNATIONAL BONDS

Syndicate teams are still reporting healthy interest for short-dated US and Canadian dollars from a contingent of retail investors who could go for the new Sweden deal. The lead manager said interest was seen from several institutions and central banks. However, the co-management group suggested that a substantial pert of the issue was targetted

at Tokyo.

At the end of the day, the deal was bid at a discount of 1.10 within its total fees. Kleinwort Benson hrought a £115m mortgage-backed floating rate note for Mortgage Funding Corporation Number Two. The deal has a final maturity in 2023 but an expected average life of between seven and nine years. The coupon on the par-priced issue for the first 10 years will be 82%

basis points over the London

interbank offered rate and 50 basis points thereafter. The issue features a call option in 1993 at par. Nikko Securities led a Yaba

Nikko Securities led a Ybbn four year deal for Den Danake Bank on which the redemption will be linked to the US dollar/yen exchange rate. The coupon is 5% per cent while the issue is priced at 101%, but it is not expected to trade widely. Yamaichi International led a \$100m four-year equity warrant deal for Nichirel, the Japanese cold storage company, on

cold storage company, on which the compon is indicated which the company is indicated at 4% per cent. The deal, one of the first to be launched since an informal agreement between lead managers to restrict new issues, saw fair demand and was hid within demand and was bid within

Despite a volatile day's trading on the Tokyo stock exchange, most of the recent issues were holding up far better than they did so a couple of

weeks ago.

Banque Nationale de Paris
Capital Markets led a FF:500m
issue for a Curacao-based financing unit of Deutsche Bank, guaranteed by the parent. The five-year issue, with a coupon of 8% per cent and priced at 101%, saw good demand and was hid at a discount comfort-

yd.**

ably within its total fees. industriekredictbank led a DM75m five-year issue at 6 per cent and 101% for its own inancing subsidiary, IEE Inter-national Luxembourg which was popular and well placed.

Daimler takes Seastar stake

DAIMLER-BENZ has agreed to take a 20 per cent stake in a company belonging to the Dornier family which is developing an amphibious aircraft, according to the Dorniers' lawyer, Ms Martine Dornier-Tiefenthaler,

Reuter reports.

The Daimler stake in Dornier Seastar would secure the future of the 12-seater Dornier Seastar project and form part

of the agreement between Daimler and the Dormer fam. ily. Under that accord Daimler injected DM300m (\$160m) into

its aerospace unit, Dornier.
The Dorniers agreed to give up their veto rights in the company in return for a package of compensatory measures from Daimler, Daimler owns 65.5 per cent of Dornier and the Dornier family holds 30.5 per cent:

Ms Dornier-Tiefenihaler said Daimler would pay around DM20m for its 20 per cent stake in Dornier Seastar, which was owned exclusively by the Dor-

She added Seastar would also take over 100,000 sq metres of ground previously owned by the Dornier com-pany. Until now, Seastar only had the right to use this land.

FT INTERNATIONAL BOND SERVICE Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on August 4

Change an

Bid Offer day week Yield

101 1014 -019 0 5.07

954 965 0 4018 5.28

9718 95 4018 4018 5.28

9919 0018 0 4018 5.28

1022 1024 0 0 4.91

9778 9718 0 0 5.19

1022 1024 0 40 4.91

1022 1024 0 40 4.91

1022 1024 0 40 4.91 DS DOLLAR STRAIGHTS Ather National 712 92..... All Riggen Air 912 97..... Arrer, Brands 814 92..... A/S Eleport/Igans 714 92..... A/S Eleport/Igans 714 92..... Barc. Bt. Fin. 10 \ 89...... 8.F.C.E., 7 92.....

Paris auction oversubscribed

By George Graham in Paris

THE FRENCH Treasury yesterday sold FFr7.48bn of government bonds in a heavily oversubscribed auction. Deal ers had expected only around FFr6bn to be allotted, at the bottom end of the FFr6bn to FFr8bn hracket announced by the Treasury. However, in the spite of the larger than expec-ted allocations, prices still moved upwards in the second-

The company expects high sales during the rest of the year as a result of increased spending on road building and Several dealers were caught out by the weight of tenders at the regular monthly anction and had to buy in the market Turnover for the first half rose to R243m (\$98.8m) from after submitting offers below the Treasury's acceptance

Demand was particularly Only FFr1.125bn were served,

per cent 1995 bond, with FFr9.65bn of bids. The Treasury eventually satisfied FFr4.155bn of bids at an average yield of 8.72 per cent. Offers at the cut-off price had to be heavily scaled down.

The floating rate OAT TME 1998 bond, indexed on the monthly average of long-term government bond yields, also attracted strong demand. The Treasnry serviced only FFr2.2bn of the FFr10.3bn of bids, at an average yield of 94 basis points below the index. The final tranche of the auction, the OAT 8.5 per cent 2002, attracted FFr5.55hn of hids.

heavy for the main OAT 8.70 at an average yield of 9.29 per

Dealers said most hidders had lowered their submission prices after the secondary market opened lower yesterday morning, but two major banks had bid heavily for the sevenyear and floating rate bonds, in order to place them through their branch networks.

Institutional investors mostly bid well below the cutoff prices, reflecting a lack of confidence. But the market's bnoyancy, despite the large amount of paper allocated by the Treasury, has encouraged some investors to increase

Danske Bank seeks DKr304m

By Hilary Barnes in Copenhagen

DANSKE BANK, Denmark's biggest commercial bank, plans a one-for-six rights issue at DKr250 a share to raise

around DKr304m (\$42.6m). The equity increass was announced together with the first half results, which show a 14 per cent increase in operat-ing profits to DKr801m before provisions. In addition, the hank made a capital gain, mostly unrealised, of DKr858m on its securities portfolio as a

result of rising domestic bond and share prices. The first-half gain on securities last year was only DKr70m.

Operating profits for the year as a whole will show an increase, said chief executive, Mr Taje Andersen yesterday. However, the net result will depend on how securities markets develop in the current six months, he added.

The improvement in operating profits was the result of an increase by 11 per cent in income before costs, while the rise in costs was kept to 8 per

Loss provisions will be higher this year than in 1987, said Mr Andersen. The losses will be particularly high for private customers, hnt some business customers will also be affected, he said. The rise in provisions will reflect the cur-rent recession in Denmark.

This announcement appears as a matter of record only.

July 1988

TOBANK

Türkiye Öğretmenler Bankasi T.A.Ş. Istanbul, Turkey

US \$ 25,000,000 **Pre-Export Finance Facility**

Lead Managers

American Express Bank GmbH

Trans-Arabian Investment Bank E.C.

Co-Managers

Banca San Paolo di Brescia National Bank of Fujairah

International Bankers Incorporated S.A. Privatbanken A.S.

Sparkasse Innsbruck-Hall Tiroler Sparkasse

Participants 1 8 1

ABC Banque Internationale de Monaco

Frankfurt Bukarest Bank AG

Bank Kreiss AG

Meghraj Bank Limited

Verkehrs-Kredit-Bank AG

Saudifin S.A.

Kärntner Landes- und Hypothekenbank Saudi Finance Corporation

London Arab Investment Bank Limited



American Express Bank GmbH

Agent

UK COMPANY NEWS

Wereidhave defends 6,12p offer price for Peachey Property

Wereldhave, the Dutch property company making a hostile bid for Peachey Property Corporation, has rejected Peachey's claim that its 512p per share offer undervalues the company. Wereldhave stated that the bid did take account of Peachey's the collection of the collecti

net asset value per share of 629p died by Sir Charles Ball, Peachey chairman, on Wednesday. The £255m offer also took account of a 94p per share tax liability which cut the genuine account of a sep per source tax haddity which cut the genuine asset value to 535p per share, it said. In addition, Wereldhave offered a 37.5 per cent premium over the price on April 26, the day before the first purchases by the Dutch company. "Wereldhave continues to behave its bid is good and its value is more than acceptable". It currently has about 10 per cent of Peachey's equity. The bid remains open for acceptance until August 11.

Investment bank gains 38% of IFICO

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Industrial Finance and Investment Corporation, the finance and ministrial relative and investment corporation, the innates are incorpority group, is to gain a group of major international share-holders, a new chairman and three new board members as a result of a complex deal announced yesterday, writes Andrew Hill. CRC International Finance (CRCI), an investment banking company, is selling its wholly-owned subsidiary, CRC Securities (CRCS), to IFICO for a maximum of £2.6m in shares.

Meanwhile, ARA Funcy Investments is selling a 20.9 per cent

(CRCS), to IFICO for a maximum of \$2.5m in shares.

Meanwhile, APA Europe Investments is selling a 29.9 per cent stake in the finance group to CRCI at 115p per share, against last night's closing price of 101p, up 4p. As a result, CRCI will hold up to 38.14 per cent of IFICO which will be distributed among 19 large institutional shareholders from Europe, the Far East and US. APA, which bought over 40 per cent of IFICO in 1986, is an investment company headed by Mr Garry Carter, an Australian entrepreneur. Following the deal announced yesterday Mr Carter will resign as a director of IFICO, but APA will retain about 10.74 per cent of the finance group. Mr Claude Charles, CRCI's founder and chief executive, will join IFICO as an executive and take over from Mr John Steeman as chairman in November. Mr Tan Kay Hock and Mr Joseph Steinberg — chairman and president respectively of two of CRCI's institutional shareholders — will join IFICO as non-executive directors.

IFICO said CRCS' international mergers and acquisitions business would fit well with the UK finance group's domestic corpo-

ness would fit well with the UK finance group's domestic corporate finance operation. Secondary payments to CRCI are dependent on CRCS performance in the year to December 31 1988.

Standard Chartered arm rises 29%

Chartered Trust, the finance house subsidiary of Standard Chartered Bank, raised profits by 29 per cent in the first half of this year, writes David Lascelles. Before tax, profits grew from

£8.56m to £11.02m.

The company said the result reflected strong trading performances by all the operating divisions, including point-of-sale motor finance, direct personal lending, property lending and contract hire. Loan volumes were up, and the bad debt and arrears performance continued to be satisfactory. of decline it has been caught in over the past decade. For in its heyday, Tube Investments was virtually a symbol of the UK's

DIVIDENDS ANNOUNCED							
	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year		
BPP Holdingsint	3.4		2.6	-	6.6		
Conted Elect §fin	nii	- '	2.6	1.41	3.9		
Cowan de Groot	0.75	Oct 3	1.25	1.5	2.5		
Cowle (T)int	1.2		·· 0.6°		. 2.6		
SL 5		Dec 2	1		2		
intenfin	2.51		2.2	45 .	. 4		
leywood Williamsint	4	Oct 1	3.5		9.5		
lickson intlint	2.25	Oct 3	1.63*	-	5.63*		
Jarvistin	1.1	Oct 12	1.07*	1.6	2*		
fid Wynd Intifin	1.9		1.7	3.2	2.9		
eel Holdingsfin	3.51		3.25	5.26	4.75		
R City of Lonfin	0.73	Aug 31	0.67	2.65	2.32		
antage Seesint	0.6		0.8	_	2.6		
Vinlaster Prop	7		D.II	8.5	pil		
remfin	2	Oct 18		3	-		

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. You capital increased by rights and/or acquisition issues. SUSM stock. SSUnquoted stock. Third rearket.

BOARD N		
The following companies have notified dates of board meetings to the Book Exchange. Such meetings are assumity held for the purpose of considering dividends; Official indications are not available as to whether the dividends are interins or finals and the subdividends are interins or finals and the subdividence above below are bessed mainly on last year's timestables. YODAY	EIS Group Hiberhen Grp. Hit Thomason Ousens Med Houses Standard Charlered Templeton, Galbraith	Sept. 79 Sept. 73 Aug. 10 Aug. 24 Aug. 17 Aug. 23
interime- Arley Hidgs., CSC Inv. Yst., Eth- burgh Oif & Gas, Holders Tech., Isv. Tst., Guerney, Rights & teaces inv. Tst. Finals- BCE Hidgs., Marier Esistes, Pavion Int.	RCE Hidge.	Aug. 5

The Hongkong and Shanghai Banking Corporation

FINE ART DEVELOPMENTS PLC

£100,000,000

Multiple Option Facility

Midland Bank Group

Additional Tender Panel Member

Changes at TI win City plaudits

Vanessa Houlder on the revitalising of a once-troubled engineer

Ų					
	"WE HAVE done what we said	TI DISI	POSALS AND	ACQUISITIONS	
	we would do. We have achieved our strategy, we have	50LD - 1988		SOLD - 1987	
Ì	become a truly international	TI Chesterfield	£7,0m	Stainless Tubes	£7.1m
ł	company, and we have done it	Serco Corp	22.5m	TI Machine Tools	£6.5m
I	a year faster than we thought	TI Robertson	22.0m	Ti Tube Products	26.8m
	we could."	75% stake in Cold Drawn Tubes		Turnright Controls	£1.8m
		& 26% in Seamless Tubes	£4.0m	New World Cookers	£18.6m
i	Mr Christopher Lewinton.	Stx peripheral businesses		Ti Crede	£125.9m
i	the chief executive of TI, is	of Houdaille	\$200.0m	Ti Glow-worm &	
ı	well pleased with the outcome			Ti Parkray	263.5m
i	of his past two years work.			Releigh	£18.0m
ı	This amounts to a transforma-			Ti Russell Hobbs &	
ı	tion of a Midland-based con-			Ti Tower Housewares	£12.0m
ı	glomerate of consumer and engineering businesses, into a	BOUGHT - 1988		BOUGHT - 1987	
ı	thoroughly international busi-	Bundy	m0.083	Armoo SDT (Europe)	£27.Cm
ŀ	ness, sharply focused on spe-		Ŧ.	John Crane-Houdaille	\$500.0m
į	cialist engineering businesses.			Fuiton (TI)	
Ì	numer enterneering promotors			(outstanding 49%)	£4.3m

Although subjected to heavy surgery it was slow to respond. By 1985, when Evered, a small but ambitious engineering group built up a 20 per cent stake, TI was the butt of a

score of takeover rumours.
Thus galvanised, TI
recruited Mr Lewinton as chief "The transformation in margins and the quality of the businesses has been amazing," executive from Allegheny International of the US. Before according to David Blackwood long he had formulated a strategy proselytized in the form of a "mission statement."

The glossy image this projected and the perceived show-manship of the chairman raised eyebrows in the City. In some quarters this turned to concern when TI sold off its domestic appliance division at the start of 1987. These busi-nesses, which included house-hold names such as Creda electric cookers and New World gas appliances, generated strong cash flow and were seen

as a mainstay of the group.

The deal, which followed the sale of the persistently trouble-some Raleigh hicycle group, left some critics doubting whether Mr Lewinton would be able to find good businesses of a sufficient size and scale to replace those that had been

engineering greatness - with its pre-eminence reflected by a place in the FT 30 index. But by the early 1980s the company, was brought to its knees by a combination of the strong pound, the recession and the legacy of a haphazard acquisi-tion policy. vulnerability to a cyclical

"It is a very low risk strat-egy," insists Mr Lewinton. "For us to be hurt, there must be a broad malaise across many industries and many coun-

Looking to the future, Mr Lewinton promises more deal-making. In addition to bolt on



acquisitions, TI is searching for a major new leg to the busi-ness — although this too will be an international specialist engineering business.

This deal is likely to be rather more risky than hith-erto, since TI will lack the detailed grasp of the husi-nesses it displayed with Crane and Bundy. But, unlike last year, TI intends to take its time in assessing these acquisitions.
The City is, in any case, posi-

These worries were, to a tive about the prospects of TI's large extent, soothed by the two major acquisitions announced in the second half of the year. First, TI bought Houdaille Industries for \$500m with an eye to extricating John the about the prospects of Tis existing businesses. Estimates for the full year range around £83m, which, after the recent sharp rise in the share price to 369p, puts the stock on a multi-ple of 10 — marginally above

that of the engineering sector. Furthermore, if TI does decide to take a respite from hectic deal making in favour of bedding down the existing acquisitions, it will be wel-

make a success of its existing businesses Crane, the world's largest producer of mechanical seals and selling off the peripheral busi-nesses — a manoeuvre that it later successfully accom-

comed by some. For although

TI has proved it can do deals, its overriding challenge is to

Next, TI announced a bid for Bundy, the largest North American maker of small diameter tubing used in refrigerators and in cars. This deal was blasted off course by the October 19 share market crash hnt was resurrected - at a slightly higher price - in

In spite of their size, neither deal was particularly auda-cious. Both husinesses were logical extensions to TI's existing businesses and TI already owned 51 per cent of Crane Packing, the UK arm of Crane USA which owned the balance.

The upshot of these deals was to broaden TI's customer base and shift it away from its role as an exporter into an international manufacturer. This, argues Mr Lewinton, should reduce TI's currency. exposure (profits took just £1m knock on translation) and its

Enlarged BA shows first quarter profit £9m lower at £91m

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS announced pre-tax profits of f81m for the April-June quarter, down £9m from the £90m in the comparable period last year before the acquisitiou of British Caledonian Airways.

Turnover of the merced air-

Turnover of the merged airline group was up 13 per cent 200 from £900m to just over £1bn, and the operating surplus rose 180 19 per ceut from £88m to £105m. Profits after tax 160 amounted to £53m against 258m. Earnings per share 140 amounted to 7.4p (8.1p).

Lord King of Wartnaby, chairman, described the unaudited results yesterday as "sat-

isfactory." He said scheduled passenger uumbers were up 16 per cent to .7m. But although passenger load factors fell from 71.4 per cent to 66.2 per cent, increases in Club World and Club Europe business produced higher yields.

Lord King said BA's own performance had been "close to target".

So far as the original BCal operations were concerned, BA had now taken "firm control of costs", but the load factors and yields on former BCal services were still well below BA's own

"But most importantly for the future, the strength of Brit-ish Airways' marketing resources can now be applied to exploit to the full the potential of the old BCal route struc-

Lord King said the debt/equity ratio at June 30 was 60/40. Borrowings totalled just over £1bn, an increase over last year of £739m, mostly due to the acquisition of BCal and payments on account for new aircraft. Net worth increased from £665m to £682m.

Sir Colin Marshall, chief executive, declined to comment on possible full-year results, although to date the second

1987 quarter results were similar to those in the first. BA's pre-tax profit for the full year, 1987-88,

was £228m. He said the full benefits of the BCal acquisition would not be seen until the next financial

year, 1989-90. "We have always made that clear", he said. It was not possible to determine what the results for the first quarter would have been without BCal, since the latter ceased to exist as a separate

entity on April 1.
But BCal's load factors before the takeover had been below those of comparable BA operations by as much as 8 to 9 per cent, and the task now was to rebuild the traffic on the former BCal routes.

Among other developments, BA was strengthening its business at Gatwick by making full use of the new North terminal thereby releasing aircraft and other resources for expansion at regional airports such as Birmingham and Manchester.

Although Sir Colin declined to comment ou suggestions that BA intends to put in a bid for a minority stake in Air New Zealand, it is widely believed it will do so, Such bids are needed by close of business in New Zealand today.

Finance side boost for Cowie

By Clare Pearson

T. COWIE, motor dealer and Britain's largest vehicle contract hire group, achieved a 61 per cent increase in pre-tax profits to £10.56m in the six months to the end of June. Turnover rose from £138.46m to

The changes are winning plaudits from a once sceptical City. Although the full benefits

of the new businesses are unproven, yesterday's results

were seen as confirmation that

the company holds promise for

of Hoare Govett. "Seldom do

yon find a company that has such a clear idea of where it is

going," says Boh. Bucknell of Smith New Court.

If this confidence in TPs

management is justified, TI has

a chance to reverse the spiral-

\$224.88m.

The interim dividend is doubled to 1.2p. Mr Tom Cowie, chairman, said this was in answer to City criticism that the company's dividend policy has been "miserly." Earnings per share rose 27 per cent to 6.59p (5.17p). The dominant finance divi-

sion, comprising contract hire, leasing, and hire purchase,

Bank of Scotland

ster Bank Group

Credit Suisse

The Mitsubishi Bank, Limited

Union Bank of Switzerland

The Sanwa Bank, Limited

Yorkshire Bank PLC

Hambros Bank Limited

Istituto Bancario San Paolo di Torino

Morgan Grenfell & Co. Limited

Union Discount Company Limited

Crédit Lyonnais

Kredictbank N.V.

Société Générale

increased profits 85 per cent to income stream from its con-£5.78m (£3.12m). income stream from its con-tract hire husiness, which

office profits of £1.23m (£328,000). There were no profits on securities dealing, which had contributed £2.9m to the full-year figures.

Cowie evokes enthusiasm from

some since it has an enviably wide spread of automobile activities, and a guaranteed

5.78m (£3.12m). tract hire husiness, which accounts for more than half of 37 per cent increase in profits profits. These results were well to £3.2im (£2.35m).

Unused proceeds of Cowie's the dividend increase, which \$44m rights issue last autumn the company says should be accounted for the hulk of head repeated in the second half, the on the day despite initial prof-it-taking. The tax charge, which Cowie has been able to keep low by increasing its fleet of cars, is creeping up; but in the worst case next year it would rise by only 5 percent-age points to 25 per cent. For this year, analysts are looking for about £25m pre-tax.

Argyle Trust surges to £673,000 at midway

By Nikki Tait

chairman, yesterday announced pre-tax profits up from £475,000 to £573,000 in the six months to the end of June. Gross income in the period rose from £2.66m to £3.29m, and earnings per share after a \$206,000 (£75,000) tax charge increased to 2.18p (1.87p). There is no interim dividend. Argyle said a £50m revolving credit facility at 1% per cent over LIBOR (London Interbank Offered Rate) was being

arranged with a banking syndi cate led by Bank of Scotland. This would be used to fund "continuing expansion."

Confusion reigned briefly

Argyle Trust, the financial last antumn when Argyle services company where Mr announced that it was at an services company where Mr Nick Oppenheim is deputy advanced stage of discussions with another company, which could have lead to an enhancement of capital resources. The statement was subsequently described as premature.

Yesterday, Argyle said that in the right circumstances, an involvement with a third party could materially enhance the

"During the latter part of 1987, discussions reached an advanced stage but were discontinued as a result of the unsettled financial market con-ditions," it coutinued. "Some stability has now returned and the board will again explore

such opportunities."

Racal continues to press plans

Racal Electronics yesterday sent another circular to share-holders ahead of the key vote on August 16 over its plans to float off its telecommunica-tions subsidiary, which largely consists of the cellular tele-

phone network, Vodafone. The plan is opposed by Milli-com, a US telecommunications company, which favours a simple demerger of the subsidiary. The Racal circular attacks Mil-licom's financial record and asks "should not Racal shareholders carefully assess the long-term performance of Racal compared with Millicom in deciding whose advice to follow?". Racal believes that selling off 20 per cent of the telewill raise funds for growth areas in the rest of the group, and says its share price and sharaholder value have increased significantly because

of its flotation proposals.

Millicom has argued that
Racal's plans would result in a loss of value to shareholders because of the so-called "dou-ble discount" effect. The value of Vodafone would be reduced. Millicom says, because it would be a controlled company and the value of Racal would be reduced because its major asset would be a holding in another quoted company. The Racal circular disputes that such a discount would occur.

Cowan suffers losses of £361,000

January's interim statement, Cowan, de Groot, toys and gift-ware importer and manufacturer and electrical and hardware wholesaler, saw the pre-tax profits of 21.43m of 1986-87 decline into a loss of 2361,000 for the year to April 30. Turnover also fell from £48.14m to £38.93m.

Losses per 10p share came out at 1.8p (earnings 4.1p) and a reduced final dividend of

In line with the warning in January's interim statement, make a total of 1.5p (2.5p). Mr John Carr, group deputy chairman and chief executive, said that all the major changes necessary within the group had been incorporated in the results and that the benefits would materialise in the current year. At April 30 the group's overdraft was down to £5.36m (£8.68m) and the property and training company dis-posals would further reduce that figure, he said.

Blanchards resumes and iumps 17p

By Clare Pearson Yorkshire entrepreneur Mr Melvyn Levi is joining the board of Blanchards, the USM-quoted interior designer and decorator which has been diven further into loss over

the last year through a fall-off in business in the Middle East. Mr Levi has taken a 17 per cent stake in the company by buying 750,000 shares from Sir John Figgis, who plans to retire as chairman in Novem-ber, and 501,294 shares from Mr Alexander Aldbrook, managing director. Mr Aldbrook has also given a right of pre-emption in favour of Mr Levi on his remaining 1.2m shares. Blanchard's shares closed The company said Mr Levi, who is mainly involved in property development in the north-east, would spearhead a marketing drive into the

marketing drive into that The shares were restored to trading yesterday afternoon, having been suspended after a

10p rise on Wednesday.

Results for the year to endJune, to be announced in October, will show continued losses in the second half.

Cementation-SAUR

Cementation-SAUR Water Services, the Anglo-French joint venture between coustruction companies Trafalgar House and Bonygues, has increased its stake in Rick-mansworth Water Company from 26.18 per cent of the vot-ing capital to 27.72 per cent.

makes Dutch link-up HEYWOOD WILLIAMS, glass

Heywood rises 44% and

manufacturing company, for Fl 25m (£6.9m). Heywood will also form a new joint company with the Dutch group's proprietor, Mr Jacques Scheuten, who will become its managing director with a 30 per cent holding. The balance of the joint venture's paid-up share capital of Fl 67m will be owned by the UK company.

Heywood already has a substantial share of the British glass merchanting market and could not expand much further without attracting the attentiou of the Mouopolies and Mergers Commission.

Interim pre-tax profits, also released yesterday, were up 44 per cent to £13.1m in the six months to June 30, against £9.11m in the equivalent

period.
Mr Ralph Hinchliffe, chairman of Heywood, said the company was now putting more emphasis on Europe, although he said problems in the US had been solved. He added that Scheute and Heywood had targetted further acquisitions in France, West Germany, the Netherlands and Scandinavia.

Purchase of the Scheuten stake will be funded principally with cash, but Heywood is also to issue 100,000 new ordinary shares.

Heywood's turnover in the and aluminium specialist, is first half rose 23 per cent to looking to Europe for further £134m (£109m) and earnings opportunities to expand. The per share were np from 12.1p to

opportunities to expand. The Huddersfield-based group is to link up with a Dutch glass company, Scheuten Beheer, to exploit the continental market.

The UK company is huying 49 per cent of Scheuten, a glass laminating and sealed unit manufacturing company, for Fl 25m (£6.9m). Heywood will also form a new joint company with

The company declared an interim dividend of 4p (3.4p).

Heywood has certainly been one of the more active stocks in its sector, with no fewer thau eight acquisitions announced in the last year or so. More are apparently on the way now that Heywood has turned its attention to Europe, turned its attention to Europe, sidestepping the limitations which could be imposed by the MMC on further glass merchanting expansion in the UK. Even if interim profits of £1.5m and turnover of £15.7m generated by the last eight additions are stripped out, the group is growing well on the back of strong demand for the added strong demand for the added value products - toughened, laminated and silvered glass. The benefits from increased capacity are also beginning to show through and two more toughening plants are due to come on stream in the second come on stream in the second half of the year. Forecast pre-tax profits for the year of £30m would put the shares — down 1p at 305p yesterday — on a prospective p/e of about 9.5, in line with comparable building stocks, but still attractive in the longer term.

MOBILE COMMUNICATIONS

The Financial Times proposes to publish a Survey on the above on

12th September 1988

For a full editorial synopsis and advertisement details, please contact:

Stephen Dunbar-Johnson

on 01-248-8000 ext 4148 or write to him at: Bracken House, 10 Cannon Street London EC4P 4BY.

FINANCIAL TIMES

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FINANCIAL TIMES

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PWS regroups after abrupt exit of driving force

Nick Bunker reports on the problems at the Lloyd's insurer which led to the resignation of its chief

ARELY six weeks ago, Mr Raanan Gedaliah Ben-Zur was in charm-ing, ebullient, mood as he welcomed a stockbroker's analyst to his office on the City's eastern fringe at PWS Holdings, the Lloyd's insurance broking group. There was no hint of group. "There was no hint of trouble. He was very positive about the future," says the analyst.
At 8 p.m on Wednesday, fol-

lowing a five-hour board meeting at PWS, his fellow directors accepted his abrupt resignation as chief executive - after be revealed the extent of the damage done by the acquisition of San Francisco-based Glenn, Nyhan and Associates (GNA). That board meeting marked the end of a meteoric eight-

year career in the London insurance market for 84-year-old Mr Ben-Zur. It began in-1980, when he took over from his mother the leadership of Ben Zur (London), a family firm which broked reinsurance for the Israeli petrochemical

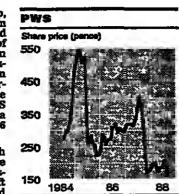
industry.

Socially charming, in private he was an sbrasive, driven, deal-maker — often dasply unpopular with his subordinates - who set out to create a Lloyd's broking empire. "He was entrepreneurial from day one," says Mr Brian Sounes, a long-standing business associate who yesterday became
PWS's acting chief executive.
In 1984, after renaming his to the PWS board by Mr Ben-

company the Howard Group, he took it into the mainstream of the London insurance world through tha acquisition of Anthony Popple, a specialist in North American property/casu-North American property/cast-alty insurance. His reputation as a deal-maker was appar-ently sealed with the reverse takeover in mid-1986 of PWS International, which created a broking group with 1985-86 turnover of £15.5m.

The turning-point came with his andacious — but abortive
— bid for C.E. Heath, a long-established Lloyd's rival. It left
PWS with a problem: the need
to diversify to counter stock market concern that it drew its income too narrowly from so-called "big-ticket" Lloyd's hroking at s time when the sector's fortunes were turning

Two purchases of Lloyd's brokers followed in the next year - Craven Farmer and the HA Group. The first led to per-sonality clashes with Craven Farmer executives, but they were minor compared with the problems with the acquisition this January, for an initial 23m, of San Francisco-hased GNA, which specialised in insurance broking and man-agement services to the US medical and dental professions.



Zur as a fait accompli. GNA offered the London group a chance to enter a growing market, exploiting the difficulties many high-risk US professions and companies have encoun-tered in the 1980s in buying

Federal laws had widened the scope for insurance purthe scope for insurance pur-chasers, such as doctors or dentists, to band together into self-insurance schemes known as risk retention groups. Yet they needed two things, profes-sional management services, and reinsurance protection.

The latter could be secured from the London market. That

would generate commission income for PWS's Lloyd's brok-ing companies, at a time when their profit margins were



Before the acquisition GNA already had one big US risk retention group as its client, the National Dental Mutual insurance Company. Its figures were equally impressive, indicating growth in turnover from \$318,000 in 1982 to \$8.73m in

In late 1987 it also had another contract apparently in the pipeline: to manage the Beveridge Retailers Insurance Company, a risk retention group providing insurance for US liquor stores. An added attraction was that PWS believed that Seagram, the

drinks group, would back the "Just when GNA changed "Just when GNA changed hands, Seagram altered course and went off with someone else," said Mr Sounes.

Then, half of GNA's offices were swiftly closed. "It would seem that almost inexplicably peopls and accounts moved away," says Mr Sounes. Observars in the insurance market believe that the business handled by GNA is now negligible. "It just fell anart."

negligible. "It just fell apart," Some eyebrows should have been raised among analysts, however, by PWS's January 27 offer document for GNA. It revealed that GNA was the guaranter for a \$1m loan from Citibank to four of its execu-

And GNA's finances were such that before the acquisition was completed, PWS had agreed to lend it first \$590,000 and then up to \$2m as working

Where does PWS go now? Where does PWS go now?
Yesterday afternoon, Mr
Sounes was putting a brave
face on the crisis.
Mr Sounes, a 56-year-old broker, argues that since Mr BenZur had little role in day-to-day
broking matters, his departure

broking matters, his departure will not damage management severely. PWS's mainstream London operations are in good shape, he argues.

However, two question marks loom over the group. The first concerns its financial condition. Mr Andrew Crean, insurance analyst with CL-Alexanders Laing & Cruick-shark, says that goodwill write-offs after the GNA and HA Group acquisitions have already reduced shareholders' funds to about \$2.5m, with debt of \$2.5m, even before any further damage stemming from

of FAZM, even before any inter damage stemming from the GNA purchase.

Most urgent of all, perhaps, the attitude of the Ben-Zur family, who hold about 43 per cent of the group's shares, could be decisive in determining whether PWS is taken out.

Hickson reports 38% first-half advance to £12m

HICKSON INTERNATIONAL. (8.8p), unspacing the 29 per the chemicals and building cent rise in turnover to protection group recently the \$129.1m (599.8m). The interim

the chemicals and building protection group recently the subject of takeover speculation, reported pre-tax profits of \$12.05m for the six months to June 30 1988, 38 per cent up on the same period last year.

Mr Melvin Hopley, chairman, said all divisions had increased profits and that trading prospects for the year looked good.

"While recent rigid rises in interest and sterling exchange rates give rise to some concern, the effects of a weaker Deutschemark had been mitigated by the group's hedging arrangements, he said.

Earnings per share benefited from a lower tax charge and increased 43 per cent to 9.5p

dividend rose 0.625p to 2.750. The chemicals division advanced to \$7.5m from \$8.4m and the timber protection and merchant distributor divisions lifted profits by 181 per cent and 50 per cent respectively.

Allied Commercial Exporters, a property company, and Tatich Finance, a Famemanian company registered in Switzerland, recently built up stakes in Hickson of 8 per cent and 2 per cent, but declared that they were not acting in concert.

The share price recently rose from 180p to 285p, but on yesterday's results it fell back from 286p to 284p. advanced to £7.5m from £6.4m

Egerton expands US activities

EGERTON TRUST, the acquisitivs construction and property group, yesterday amounced that it is boosting its American aggregates interests with the purchase of a Massachusetts-based company, Direnzo, for \$4.75m, writes with Tarte Bart of the such Nikki Tait. Part of the cash consideration is deferred, and interest payments on this ele-ment will add a further

gates acquisition by Egerton this year; in February, it acquired another Massachu-setts company, Scavone, for an initial \$13.5m.

Direnzo takes in 150 acres mainly around Sutton and Worcester - which contain an estimated 900,000 tons of recov-

Peel improves to £10m and assets rise by 79p

By Paul Cheeseright, Property Correspondent

PRE-TAX PROFITS at Peel were £10.25m (£8.05m). Holdings, property develop-ment and investment group, rose 27 per cent in the year to last March, and net assets per share rose 30 per cent in value. share rose 30 per cent in value.

But the market yesterday greeted the result, which was broadly in line with the performance of the property sector, with indifference

Helped by a growing stream of rental revenue from retail per cent for that part of the performance developments.

warehouse developments, higher rents from established industrial property, trading profits from land sales and a

But earnings per share fell from 19.49p to 17.84p, reflecting dividends paid to convertible preference shareholders, who previously had walved their

in addition to the continued strength of the retail market and the emerging strength of the industrial market helped to contribution from housebuild-ing, pre-tax profits in 1987-88 share from 265p to 344p.

Strong second half boosts Finlan

Group, constructor, designer acquisition. In February UCM and property developer, Timber, a timber agent, and IC resulted in a 58 per cent rise in Gilbert, a trader in animal

The advance from £1.51m to £2.38m was achieved on turn-over ahead 35 per cent from £24.92m to £33.56m. Second half profits rose from £897,000 to £1.76m on sales of £20.91m, up

Several acquisitions were against 4p last time. Earnings made during the second half, in line with the policy of 8.7p.

A strong second half at Finlen growth internally and by about £225,000. And in March, Finlan acquired Midtown Properties and certain central London properties from WCRS

The board has recommended an increased final dividend of 2.5p, making a total of 4.5p,

News Digest

PERSONAL COMPUTERS

£0.75m debt provision hits shares

PERSONAL COMPUTERS. microcomputer services company, yesterday warned of an unexpected £750,000 doubtful debt provision caused by "inadequate internal computer and accounting systems" for the year to May 31 1988, writes David Cohen. Consequently, pre-tax profits of around £1m were expected.

as against analyst expectations of £1.75m. The share price of the USM-quoted company fell 25p to 250p.

CSL CORPORATION

Profits advance by £251,000

CSL Corporation, USM-quoted truck and trailer hire, commercial vehicle servicing and property group, raised its profits from £474,000 to £725,000 pre-tax for the first half of 1988. Turnover improved to £3.99m (£2.51m). Earnings

amounted to 2.65p (1.88p) per 10p share and the interim dividend is stepped up to 1.2p

BPP HOLDINGS

Profits more than doubled

BPP Holdings achieved pre-tax profits more than doubled from \$300,000 to £670,000 in the six months to the end of June. Similarly, turnover at this provider of academic, vocational and professional education climbed from £1.95m

At the same time, the company said 252,430 of its ordinary shares had been

The interim dividend is 3.4p (2.6p) on earnings of 8.5p (5.9p) per 10p share.

placed at 325p per share to raise about £806,000.

WCP

Recovery in second half

Westminster and Country Properties, property investor and developer, continued its recovery through the second half and for the year to the end of April swung from lo of £993,000 to profits of £1.01m Dre-tax.

Earnings per 25p share amounted to 26.4p (losses 30p) and a final dividend of 7p makes an 8.5p (nil) total.

J JARVIS

Rise of 20% to £732,000

J. Jarvis & Sons, building and civil engineering contractor, saw taxable profits rise 20 per cent from £609,000 to £732,000. Turnover for the year to the end of March was np at

E41.41m, against £35.63m.
Earnings per 5p share were
5.99p (4.8p). in May, Jarvis
declared a second interim payment of 1.1p, making a total for the year of 1.6p

YRM

Growth of 37% to over £1.5m

YRM, architect and interior designer, achieved sound overall progress in the year ended April 30 1988.

Profits before tax grew by 37 per cent from £1,53m to £2.1m on turnover of £13.34m, 60 per cent up on last time's 28.34m. Earnings per 10p share came out at 10.75p (9.39p). YRM, which obtained a stock market listing in April 1987,

is proposing a final dividend of 2p, making a total of 3p.

British Airways announces pre-tax profits of £81m for First Quarter to

> Group turnover increased 13% to £1019m. Operating profits up 19% to £105m. Earnings were 7.4 pence per share against 8.1 pence per share last year.

Carried 16% more passengers and 41% more cargo on scheduled services.

> British Caledonian fully integrated into British Airways.

Acquired an interest in Covia - United Airlines' reservations system.

Ordered 8 British Aerospace A.T.P. aircraft.

BRITISH AIRWAYS

COPIES OF THE FIRST QUARTER REPORT WILL SHORTLY BE AVAILABLE FROM ERITISH AIRWAYS PLC, PO BOX 109, HIGH WYCOMBE, BUCKS, HP10 SNP.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

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D-Mark hits yen low

rates, which remained firm in the six to 12-month range, while corresponding domestic rates were alightly lower. On the plus side, the D-Mark bulls were encouraged by the lack of central bank intervention. THE WEST German D-Mark fell to a record low against the Japanese yen yesterday, clos-ing at Y70.74 against Y70.85 at the opening and Y70.85 on Wednesday. The West German unit lost ground as traders moved out of the D-Mark and into the dollar. But there was no similar switch out of the yen into the dollar, as the yen retained its firm undertone. Most dealers expect the D-Mark to continue to lose: ground against the yen in the medium term. Yesterday's decline failed to attract any intervention by central banks, but investors were still reluc-tant to open fresh positions, with trading volume restricted by the absence of many major

For the time being, investors are unlikely to try to break below major chart points, for fear of attracting central banks back into the market. The relative tively low volume means that official intervention could com-mand a significant influence.

on exchange rates.
So for the time being, the psychologically important Y70.0 level seems likely to remain intact, with any further advance by the yen likely to be slowed by profit taking around the Y70.50 level.

The current uncertainty about the D-Mark was reflected in the strength of Euro-D-Mark

Ang.4	Lites	Presions Close
£ Spot 1 months 3 months 12 months	1.7060-1.7070 0.35-0.34cm 1.67-1.04cm 3.54-3.29cm	1,7095-1,7105 0,37-0,35pm 1,05-1,02pm 3,35-3,25pm
Formel president	NG INDE	ply to the US dolla

CURRENCY RATES 0.760539 1.29710 1.59963 17.0919 50.9371 2.43915 2.43915 2.7495 8.2040 1796.26 177.385 8.22871 160.046 8.36111 9.25551 195.136 0.904407

OTHER CURRENCIES

MONEY MARKETS UK rates ease on firm pound

Central Bank raised the rate

on special advances to 5.0 p.c. from 4.8 p.c., for five-day paper. The market expected the rise, and regarded it as preserving the interest rate differential between West Corrun and

between West German and

Dutch rates. It was viewed as a move to support the guilder against the DMark within the European Monetary System.

In Frankfart call money was steady at 4.90 p.c., in tight conditions, The allocation at this week's securities repurchase agreement tender was reason-

to offset money draining from the banking system through an

expiring pact, and central bank support for the D-Mark on the foreign exchanges. But at the moment banks are

stocking up with money to meet payment next week for a Pederal Government bond, and this helped keep interest rates

ment tender was reasonahly generous and is expected

THIS IS not a time when the financial markets in London are looking for any spectacular movement in interest rates, following the rise of 3 percentage points in UK bank base rates since the beginning of June.

The market in London has drifted into a holiday mood, which is only likely to be broken by surprising UK bank lending figures for July on August 18, or trade data for the same month on August 25. same month on August 25.

Sterling remains firm, at \$1.71 and DM3.2150, and this contributed to the slight decline in money market rates. UK cheering back hose less 18 1₂ per cent from July 18

Three-month interbank eased to 1011-1011 p.c. from 1014-1014

The Bank of England ini-tially forecast a money market shortage of £300m, but revised this to £200m at noon, and to £250m in the afternoon. Total

help of £244m was provided.

Before lunch the authorities bought £163m bills outright, by way of £18m Treasury bills in band 1 at 10% p.c.; £138m bank bills in band 1 at 10% p.c.; and £12m bank bills in band 4 at

10% p.c. In the afternoon the Bank of England bought another 28im bills outright, through 250m

Some suggested that the

Some suggested that the authorities now have greater confidence in the D-Mark, given the recent rise in West German interest rates.

The US dollar was boosted by expectations that today's release of US employment figures for July will build on recent evidence that the US economy is growing at a fast enough rate to prompt a rise in US interest rates. This was sufficient to push the dollar towards its best level of the day at the close. However there was still insufficient impetus to establish the dollar above the DMI.88 level, but the absence of central bank intervention left the US unit at DMI.8800 at the close up from DMI.8750 on Wednesday. If was

also higher against the yen at Y133.00 from Y132.85. Else-where it finished at SFr1.5685 from SFr1.5620 and FFr6.3400 compared with FFr6.3225. On Bank of England figures, the dollar's exchange rate index rose to 98.7 from 98.6.

Sterling finished little changed from its opening level. Investors were united in refraining from taking out fresh positions in the absence of any economic data, or a simpler lead from the authorities. ilar lead from the authorities

The pound's exchange rate index closed at 76.6, unchanged index closed at 76.6, unchanged from the opening and compared with 76.5 at the close on Wednesday. Sterling was unchanged against the dollar at \$1.7100, but rose against the D-Mark to DM3.2150 from DM3.2075. It was also firmer against the yen at Y227.50 from Y227.26. Elsewhere it finished at SF12.6825 from SF12.6700 and FF710.84 compared with FFr10.84 compared with

EMS EUROPEAN CURRENCY UNIT RATES								
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FT LONDON INTERBANK FIXING

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Aug.4	Overnight	7 days notice	Month	Months	Stx Months	Year
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FINANCIAL FUTURES

Gilts and bonds firm

INTEREST RATE instruments had a firmer tone on the Liffe market yesterday, and turn-over in long gilt futures reached 20,000 contracts for the first time this week.

Gilts were support by technical factors, and the strength of the pound on the foreign exchanges. The absence of fresh economic news kept the market generally dull, and much of yesterday's rise was

LONDON (LIFFE)

Estimated Volume 23423 (12747) Presidus day's open Int., 44237 443032

Estimated Volume 0 00 Previous day's open Int. 75 0750

Estimated Volume 537 (646) Province, day's open lat. 810 (832)

Est. Vol. Cinc. Figs. and shown) 5410 (3145) Provious day's open lat. 37490 (37950)

Estimated Volume 5872 (5391) Provious day's open Int. 7635 (1499)

CURRENCY FUTURES LETTS-STEELING SZS, MAR S. HE L.

88-00 87-06 87-12 66-18 86-18 86-26

probably the result of short covering. September long gilts opened unchanged at 95-07 on Liffe, the day's low, and closed at 95-19, after touching a high of

Liffe suffered a quiet month in July. Total volume was 1.21m lots, down 20.7 p.c. from June, but open interest was a record 238,904 lots at the end of the month, with short sterling and long gilts setting records.

LIFFE US TREASURY BOOD FUTURES OFTIMES

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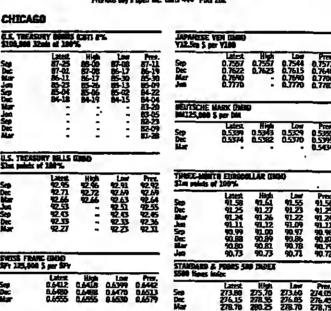
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ROB ROY

MARSHALLS

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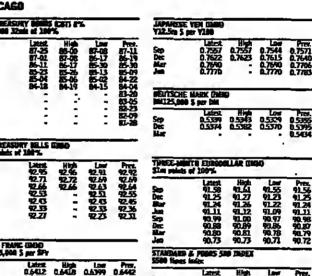


US Treasury bond futures were supported yesterday by a large increase in first time jobless claims. This cast doubt on the strength of US employment growth, and led to suggestions that today's figure on July non-farm payrolls could be

lower than forecast.

September US bonds opened at 87-10 on Liffe, and rose to a peak of 88-00, before closing at 87-22, against 87-12 previously.

LIFFE FI-SE MOEX FUTURES OFTION AUS 1490 1196 732 130 130 130 \$69 1708 1209 843 516 282 137 59



EUROPEAN OPTIONS EXCHANGE

70TAL VOLUME IN CONTRACTS: 42.797 A-Ask B-Bid C-Call

BASE LENDING RATES

City Merchants Bank 10½
Chydesdale Bank 10½
Comm. Bk. N. East 10½
Comm. Bk. N. East 10½
Co-operative Bank 10½
Condits & Co 10½
Copras Popular Bk 10½
Dumbar Bank PLC 10½
Engaturial Bank PLC 10½
First National Bank PLC 11½
Robert Fireming & Co 10½
First National Bank 10½
Grindfays Bank 10½
Grindfays Bank 10½
Guidness Mahon 10½
Hambres Bank 10½
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Hill Samuel 50½
Lespold Joseph & Sons 10½
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Meghrat Bank 11d 10½
Midland Bank 10½
Mornt Bukg Corp. 10½
Nat Bk. of Kuwait 10½ ABN Bank 2009
Adam & Company 100
AAB - Alfieri Arab Bk 100
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Associates Cap Corp 100
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Backing & Securities Houses Association. T day deposits 4.58% Savenite 7.16%. Too Tier-L10(000) Instant acces 9.0% & Mortgage hase rate. § Demand deposit 5, 5, 8%. Mortgage 10.875% - 11.25%.

This armouncement appears as a matter of record only.



Premier Brands Limited

has acquired

Pickerings Foods Limited

H. J. Heinz Company Limited

Funds Provided by

Continental Illinois National Bank and Trust Company of Chicago Bank of Scotland National Westminster Bank PLC

Canadian Imperial Bank of Commerce The Sanwa Bank, Limited

Tender Panel Members

Allied Irish Banks, p.l.c. Banque Française du Commerce Extérieur Crédit Agricole, London Branch Copenhagen Handelsbank A/S The Dai-Ichi Kangyo Bank, Limited First Republicbank Dallas, N.A. The Industrial Bank of Japan, Limited Philadelphia National Limited

The Sanwa Bank, Limited

Banca Commerciale Italiana Bank of Scotland Canadian Imperial Bank of Commerce Credit Suisse Dresdner Bank Aktiengesellschaft Girozentrale Vienna National Westminster Bank PLC Postipankki (U.K.) Limited

Société Générale Continental Illinois National Bank and Trust Company of Chicago



Continental Bank

Facility and Tender Panel Agent

Cadbury's New Ime Kardomah CHOCOLATE

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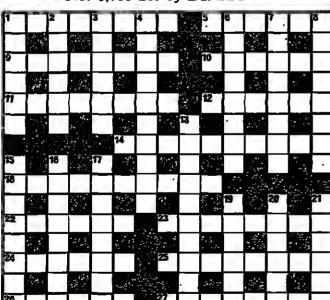
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 1 Cheerless county players (8)

 5 Moll at Clydeside, say (6)

 9 Principal rope is tarry on
 the high seas (8)

 10 Blimey! Catch one being
 blown in the wind.... (6)

 11 ...and that a Neapolitan,
 sometimes! (3-5)

 12 Injury from wild she-cat (6)

 14 Atom-smashing field character (10)
- ter (10)
 18 Going over cliff, one is powerless (4-6)
 22 Tom pinch this plant? (6)
 23 Bond-agent? (8)
 24 Lives for six-set development (6)

- ment (6)
 25 Urge factory to produce hrinjal (8-5)
 26 How sweet and kind of Daddy, giving you a start
- (6) 27 Bank licence about to run out (8)
- 1 Matricidal-sounding kingdom (6) 2 France, for example, holding ceremony in western region
- (6)
 3 Sailors carrying piece of luggage for soldiers' billet (6)
 4 Francis Drake, for example, could be anapaestic (3-7)

- PSVCHOANALYSIS
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 7 Score one short (8)
 8 Poles apart? (8)
 13 Foreigner, perhaps, under F
 in this index (10)
 15 Draughts in American
 supermarkets? (8)
 18 What can happen in a capital night out? (8)
 17 Silver refuse sparkling (8)
 19 Ran off after Constable, for
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 20 Motorway madness an illuslon? (6)
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GUIDE TO UNIT TRUST PRICING

cancellation prior to the table. However the nist prior angles by the rest acts over buyers, prior in tricumstances in which there is a large caces of sellers of suits over buyers. The End of the chown alongside the fund manager's same is the time in which the unit trusts, daily dealing priors are normally set unless another line is indicated by the symbol alongside the individual unit trust name. The symbols are as following \$-0000 to 1000 hours; \$-1101 to 1400 hours; \$-1201 to 1400 hours; \$-1201 to 1500 flows; \$-1201 to TURE: PRELIME
letter H denotes that prices are set on a historic basis. This means that, I as intervening portfolio revaluation, investors can normally bay and sell prices appearing in the newspaper which have been set on the basis of year.

been an intervening portfolio revaluation, investors can normally but and sell units today at the prices appearing in the newspaper which here been set on the basis of yesterday's asset value.

FORWARD PRECINES

The letter F denotes that prices are set on a forward basis so that investors can be given no servinus prices in advance of the spirchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out sets only.

Other explanatory notes are contained in the fast column of the FT tight Trust information masses.

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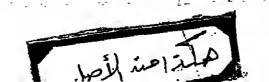
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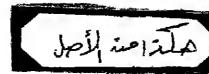
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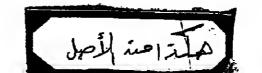




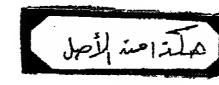
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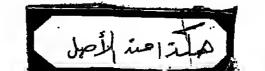


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26	LONDON SHARE SERVICE	FINANCIAL TIMES FRIDAY AUGUST 5 1988
AMERICANS—Contd 1988 1988 Stack Stack	1988 Stack Priss - Not Cyriff's P72 1980 Stack Priss - Not Cyriff's P72 1981 1982 19	INDUSTRIALS (Miscel.)—Contd INDUSTRIALS (Mis
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FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS		Thursday August 4 1988					Wed Aug 3	Aug 2	Mos Aug 1	Year ago (approx)
Flg	& SUB-SECTIONS gures in parentheses show number of stocks per section	index No.	Day's Change	Est. Earnings Yield% (Max.)	Gross Ohy. Yield% (Act at (25%)	Est. P/E Ratio Clet)	rd adj. 1988 to date	Index No.	Index No.	Index No.	inde No.
ī	CAPITAL 600DS (209)	823.A7	+0.8	9.79	3.86	12.67	15.94	816.64	\$10.62	812.63	946.
2		1047.22	+1.4	18.52	4.05	11.29	18.65	1033.21	1824,48	1024.41	1228
3	Contracting, Construction (37)	1616.03	+0.4	19.27	3.32	12.73			1597.75		
4	Electricals (12)	2238.17		8.29	4.45	14.91	48.13				
5	Electronics (31)	1798.77	+0.6	9.53	3.36	13.48	37.62				
6	Mechanical Engineering (56)	433.19	+1.1	9.48	4.84 3.76	13.06	8.49 7.95			424.87 501.38	511
			+0.6	11.23	4.43	10.31	5.54	289.45	499.83 287.53	281.55	383
3	Motors (14)	23E8 E0		174	413	13.67	28.21		1333.91	200.33	
Ų	Other Industrial Materials (25) CONSUMER GROUP (186). Brewers and Distillers (21). Food Manufacturing (21). Health and Household (12) Leisure (30).	2312 27	+8.2	8.84	3.54	14.29	17.68	1109.72		1205.25	
-	CONSUMER GROUP (100)	1117 36	70.2	18.63	3.64	11.86	17.88	1116.88	1116.23	1121.11	
Ë	Food Monetodyrine (23)	1072 10	+0.2	2.54	3.60	14.77	17.45		1906.71	1016.66	
ď.	Food Potalling (16)	2004.03	-0.2	8.63	3.33	15.22	29.07	2007,28	1979.46	2601.18	2424
7	Health and Household (72)	1883.57		6.44	2.59	17.57	18.61	1882.81	1871.86		
ó	Leisure (30)	1387.12	+1.3	3.25	3.62	15.50	24.81	1369.31	1352.23	1354.65	1354
i	Packaging & Paper (17) Publishing & Printing (18) Stores (34)	535.91		9.18	3.88	13.97	9.54	536.12	538.23	539.17	683
5	Publishing & Printing (18)	3622.10	+0.2	7.89	4.22	15.92	72.37	3613.65	3618.57	3645.24	4332
4	Stores (34)	827.20	+0.4	10.04	3.94	13.10	14.57	\$23.53	812.78	818.81	
5	Textiles (17) OTHER GROUPS (93)	608.44	-0.1	11.37	4.47	16.32	12.51	689.34	638.49	612.74	
0	OTHER GROUPS (93)	911.98		10.87	4.32	11.24	17.93	911.48	997.68	907.46	
1	Agencies (19)Chemicals (21)	1121.29	-0.4	8.04	2.43	15.72	17.95	1125.36		1124.63	
2	Chemicals (21)	1084.21	*******	11.75	4.67	10.21	25.01	1983.98		1675.39	
3	Conglomerates (13)	1237.54	*	10.11	4.33	11.40	20.96	1237.89		1234.41	
5	Shipping and Transport (12)	0.976.32	+1.2	10.83	4.53	12.23	34.04			1945.89	2281
	Telephone Networks (2)		-8.4	11.41	4.57	21.37	29.38	977.95	972.78	971.16	
8		1209.47	-0.1	11.24	4.27	10.16	24.64	1210.93	_	1214.98	
	INDUSTRIAL GROUP (488)	775.24	+0.3	9.65	3.84	12.90	17.77	992.07	986,94	988.96	_
1		1843.48		16.82	5.78	11.88	50.45	1943.25		1845.63	
9	500 SHARE INDEX (500)	1067.23	+0.3	9.81	4.31	12.74	24.55	1064.28			
1	FINANCIAL GROUP (122)	714.02	+0.3	-7	4.85		17.45	711.83	707.22	718.33	847
2	Banks (8)	667.64	+0.7	21.44	6.54	6.25	24.36	663.11	660.47	664.52	812
5	Insurance (Life) (8)	1083.51	-0.3	-	4.63	-	24.97	1086.64	1089.54	1090.17	1098
6	Insurance (Composite) (7)	561.71	********		5.26		13.82	561.58	558.93	551.21	686
	Insurance (Brokersl (7),		-1.2	9.74	6.44	13.27	32.54	1000.96	986.05 353.04	992.84	1272 477
8	Merchant Banks (11)	359.10	+0.9	5.00	4.02 2.57	25.64	7.63 14.21	356.83 1253.81	1235.75	355.88	1212
7	Property (51)	225/./1			5.06	12.61	9.41	381.45	388.72	381.02	
	Other Financial (30)	384.30	+0.7	10.43							
1	Investment Trusts (78)	927.84	+0.3		2.99		12.35	923.97	920.11	928.74	
1	Mining Finance (2)	529.29	+1.2	9.65	3.55	12.49	8.12	523.69	520.81	526.50	673
		1172,63	+2.1	9.83	4.77	11.95	29.22	1147.79	1143.64	1147,14	
9	ALL-SHARE INDEX (710)	975.20	+6.3	-	4.19	-	19.36	972.24	966.77	969.89	1149
		Index	Day's	Day's	Day's	Aug	Assj	Ang	1al	اول	Yes
- 1		No.	Change	High	Low	3	2	1	29	28	29

	FD	(ED I	NTE	REST	• ′		AVERAGE GROSS REDE MPTION VIELDS Aug 4 3	Year ago (approx.)
	PRICE INDICES	Thu Aug 4	Day's change %	Wed Aug 3	xd adj. today	xd adj. 1988 to date	British Spressment 1 Low 5 years 9.51 9.57 2 Coupons 15 years 9.33 9.40 3 25 years 9.05 9.16	8.95 9.76 9.77
2 3 4 5	Beltish Government 5 years 5-15 years 0ver 15 years Irredeemables All stocks Index-Unked 5 years 0ver 5 years	137.03 149.10 166.76 134.56	+0.42 +0.73 +1.49 +0.40	120.42 136.46 148.30 164.31 134.05	-	7.60 8.49 7.45 7.30 7.87	4 Medium 5 years 9.93 10.04 5 Coupons 15 years 9.55 9.55 6 25 years 9.26 9.36 7 High 5 years 10.03 10.18 8 Coupons 15 years 9.70 9.77 9.77 9.77 9.77 9.32 9.40 Inredemables 9.53 9.64 Infration rate 5% 5yrs. 2.25 2.84 21 Infration rate 5% Gree 5 yrs. 3.81 3.81	10.21 10.04 9.81 10.29 10.20 9.84 9.68 2.74 3.87 2.55
8	Ali stocks	122.01		122.61 117.54	-	2.04 6.54	14 Inflation rate 10% Over 5 yrs. 3.64 3.64 15 Debt 4 5 years 10.93 10.94 16 Leant 15 years 10.89 10.89	3.84 10.42 10.42 10.62
10	Preference	92.12	-0.55	92.64	-	3,61	17 25 years	10.49

D. Allah Funda	Rises	Falls	Same
British Funds	14	9	29
Industrials	456	295 .	16 25 842 370
Ols	2 ₆	295 . 99 25	5
Mines	91 146 186 186 186 178	35 82	102
Others			. 113
Totals	907	\$52	1,540
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TRA	DITION	L OPTIONS
First Dealings Last Dealings Last Declarations or settlement rate Indications as	July 25 Aug 5 Oct 27 Nov 7	Highland Distillers, Belhave Boddingions, FIG Behoock, Du ton Group, C. Church, Standa Chartered, Merinex, Chiorid Mowat Group, Calor, Matthe Half, Kylk Fit and Eagle Trust.

	LONDON TRADED OPTIONS																
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Commercial Aviation to the End of the Century

The accelerating pace of expansion in commercial aviation worldwide and the impact this will have on all the existing facilities for the rest of this century will be the subject of the Financial Times latest conference to be held in London on 30, 31 August & 1 September, 1988 just before the Farnborough International Air Show.

.Jan van Bekkum...Selwyn Berson....Frederick W Bradley Jr.....

..The Lord Brabazon of Tara...Eugene Buckley....

..Jack Cunningham...Dato Abdul Aziz Abdul Rahman.... ..Günter Eser...Sydney Gillibrand....John Hayhurst.....

..Stuart Iddles...Lee Kapor....Jeff Marsh.....

..Sir Colin Marshall...Jeremy Marshall....Roy McNulty..... ..Jean-Robert Reznik...Phil Ruffles....Heinz Ruhnau....

..Matthew Scocozza...Alan Snudden....Max Taylor.....

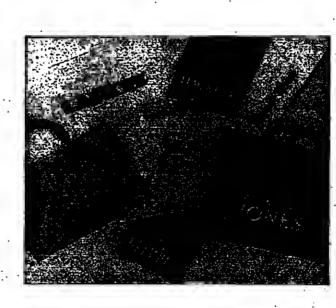
..Gil Thompson...Ronald Woodard....Jim Worsham....

Commercial Aviation to the End of the Century

Please send me full details of the Commercial Aviation to the End of the Century conference.

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TFS: helping to increase retail profits

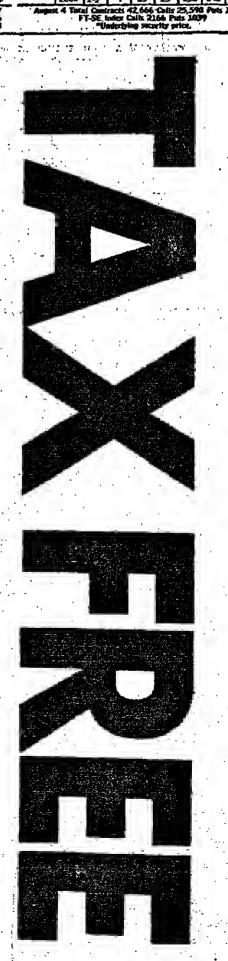
Sales to overseas tourists, worth billions of pounds every year, are highly profitable to retailers, and the VAT refund service provided by TFS for the UK retail trade is warmly

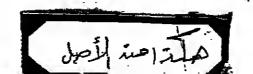
TFS invests heavily in promotional activities abroad, often in conjunction with the BTA, designed to attract greater numbers of visitors to Britain. Similar campaigns in this country remind them of our efficient VAT refund service, and direct them to shops and stores in which it is available.

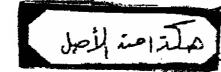
The TFS service is completely free of charge to retailers, and has shown itself able to increase profitable export sales. There are individual documented examples among our clients who have recorded increases in VAT refundable sales of typically 20 - 25%, and in at least one case 100%, after introducing the TFS system. a major British industry.

For further information on how tax free shopping benefits the UK retail trade, call us on (01) 765 5277, Jax us on (01) 785 7HO, or write to Larz Welinder, Tourist Tax Pree Shopping Limited, Europa House, 266 Upper Richmond Road, London SW15 6TQ.

Tourist Tax Free Shopping Europe's Largest VAT Refund Service







LONDON STOCK EXCHANGE

Major stocks close below their best

THE UK stock market continued to hold up well in a somewhat uncertain trading environment yasterday; although major stocks closed below their best levels as interest waned towards the end of tha session. With sterling steady, concern over domestic interest rates remained sub-dued. Again it was left to spe-cial situation stocks to provide the features of the market. Government bonds had another comfortable session. attracting some modest sup-port from UK institutions. Equities opened in the face seme profit-taking, following

UST 5 1988

Apg 12 Access Days Aug 22 Sep 12 by the £600m bid for Plea-

surama, recent purchaser of the Hard Rock Cafe, from Mecca, the entertainment group. Mecca itself came to stock market quotation two years ago following its forma-tion by a management bayout from Grand Metropolitan, the another firm, but uninspiring overnight performance from Wall Street. But speculative UK hotel group.

Good trading figures from British Airways were well received, but it was soon clear that the midsummer doldrums were continuing to hold away in the market. Share prices, having drifted upwards at first, ended below their best levels. The FT-SE 100 Index closed a

net 4.6 up at 1869.7. The provisional Sezo volume total of 472.3m shares, compared with Wednesday's final figure of 853m, indicated an improving trend of business. Pharmaceutical stocks quiet-ened down again, with Fisons giving back a few pence of Tuesday's gain. The rest of the international equity sector

showed mixed changes.

of about 10 per cent at Exxon and Chevron. In London, Mr Philip Lam-bert of Kleinwort Grieveson, which has recently recommended switching from BP into Shell, stressed the latter's yield attractions, which are expected to be buttresses next

Royal Dutch/Shell took the

unusual step of telling New

York oil analysts that next

week's second quarter earnings report might be out of step

with the other industry majors.

Mr Richard Pzena at Sanford

C. Bernstein said he continued

to mark the shares a "buy",

although the Royal Dutch fig-

ures might be around 20 per cent down, compared with falls

month when Shell is widely 980 expected to disclose a signifi-cant increase in the interim dividend. Shell closed in London little changed at £10%.

Government bonds edged higher behind the pound, ending near the best of the day in good, if unexciting, trading. 960 Bond analysts commented that the recent firmness of the UK

for a further hike in domestic interest rates. Long-dated Gilts closed % etter, with the nearer dates showing slightly smaller rises. Index-linked were active but calmed down after the authorities checked the sector with further sales of the 2 per cent

ing, although volume in the

leaders was again impressive. Overseas buying boosted Ham-merson "A" 13 to 644p. Rose-

haugh moved up 11 to 749p and Stanhope gained 8 to 295p in a thin market, while Brixton Estates initially improved 7 to

from Barclays de Zoete Wedd and Kleinwort Grieveson

before easing to close 2 better

on 333p. P&O, often regarded as a property stock with its widespread real estate inter-

ests, improved 6 to 590p.

Vickers provided one of the

main features in the Engineer-

ing sector, advancing in a flurry of activity to close 9

higher at 182p amid market talk that Adelaide Steamship

had acquired a 5 per cent stake

TI's half-year profits of £40.1 (25.1m) pleased the market and

the shares closed around the day's best with a gain of 13 at

the unwinding of speculative positions, ran back 7 to 416p,

while VSEL Construction eased 5 to 453p before recover-

ing to close unaltered at 458p

in the wake of the rejection of a package aimed at ending the eight week old strike, GKN,

scheduled to reveal interim fig-

ures next Thursday, firmed 5

Traded Options Market, boosted by heavy demand for a few individual stocks. Overall

42,666 contracts were traded, of

which 25,590 were calls and

17.076 puts. TSB stood out with

6.936 contracts reported, repre-

senting 6.9m in the equity. Close behind was Trusthouse Forte with 4,188 calls and 850

puts, and Sears with 2,073 calls

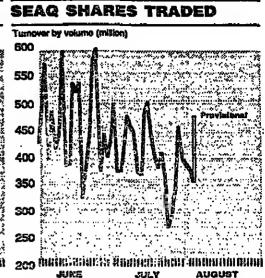
and 1,029 puts. Other statistics, P 25

Volume shot up in the

Birmid Qualcast, reflecting

331p on buy recomm

currency has reduced pressure



BA profit beats forecasts

British Airways traded heavily as the group surprised the mar-lest with the announcement of much-better than expected first quarter figures. BA easily topped yesterday's list of active stocks (volume amounted to around 24m) with the shares closing a shade below the best

17 1

long-term prospects. City analysis had been taking a cau-tions stance largely because of wordes about the extent of the projected turnround at British Caledonian. In the event, RA weighed in with pre-tax profits of 181m (190m) compared with a range of market forecasts extending from 260m to 575m. Commenting on the figures, RZW, the securities house, believes that most of the bad news from BCal is out of the way. It is subsequently raising the full year profits forecast to around £250m. BZW also reiterates, the longer term attractions of BA, but points out that in view of the recent strength in the share price it is looking for a period of consolidation.

Hickson slip

Hickson, the chemical company, pleased the market with results well above most forecasts, but the shares eased 4 to 243p. A company visit to York-shire by a phalanz of analysts. by talk from the company of touches to his battle to per-an acquisition, possibly of in suade shareholders at next the wood treatment area, in week's egm to access the week's Analysts said any Hickson

purchase would involve the issue of paper, news guaran-teed to depress shares in the current climate. Arbitrageurs are known to have stakes in Hickson and there has been persistent buying of the stock at lower levels.

Mecca shows hand

Pleasurama provided one of the the market's few features after the announcement of the surprise bid from Mecca Lei-sure. Talk on Wednesday of a bid from Rank Organisation: proved unfounded, but there were hopes that Rank or Trust house Forte might make a counter-bid. Turnover in Plea-surama shares was brisk, with surama shares was brisk, with 8.4m shares changing hands as the price surged 42 to 268p shortly after opening. Tha shares later slipped to close at 260p, a net 34 higher. The bid, which caught most dealers unawares. was

dealers unawares, was described by analysts at Kitcat

judged". Other were less sub-tle, suggesting the bid was "overdone" and predicting that a counter-bidder will quickly appear. There was vague spec-ulation, based on the fact that Mecca is bidding three times its own size, that a friendly consortium might be waiting in the wings to help Mecca see off any rival predator.

and Aitken as "very finely

. The Kitcat analysts pointed out that unless another bidder emerges, investors will have to choose between the European expansion plans of the Mecca. management and Pleasurama's intention to branch out in the US. The Mecca Leisure share at 162p, up 5.

Although positive about price fell back 12 to 204p.

Racal bears

Racal lost tuppence to 328p on turnover of 6.3m as marketmakers speculated that Milli-com the US group which owns 5 per cent of Racal might be winning its campaign to block the flotation of Racal subsidiary Vodafone. Millicom claims that a full demerger of Vodafone is a more cost-effec tive way to raise money. Dealers say that the flurry of recent meetings between Sir Ernest Harrison, chairman of Racal, and City brokers shows that he is seriously worried by Millicom's claims to have won con-

siderable support among Racal Analysts at securities house Smith New Court were said to have left their meeting with Harrison on Wednesday in a bearish mood. This was backed up yesterday when Smith were seen to stay on the offer in Racal shares all day. The Racal chairman also met with Hoare

Incheape suddenly came into focus, drawing attention and a welcome revival of business to the Overseas Traders sector. The ball was set rolling by an unusually sizeable purchase of Inchcape shares soon after the opening. Prospective buyers, awaiting opportunities at lower levels, were forced to move and the price responded with a rise

of 8 to 2209.

Two investment houses, and probably more, favour the stock. BZW is looking for firststock. HZW is looking for inst-half profits of £67.5m, when the group reports on September 15, and strong growth in the three main operating areas of Singa-pore, Hong Kong and the UK. Hoare Govett is even more optimistic. and yesterday raised its-forecast to £70m.

Both houses predict £140m for the full year.

Polly Peck also advanced smartly, closing at a 1988 high of \$26p, up 13. The situation here resemblance to Inchcape with a large early deal. with a large early deal -500,000 shares - triggering the

One of his last official functions will be to accompany the party making the presentation to the Commonwealth Games

Federation in Seoul, before the opening of the Olympic Games in the South Korean capital on September 15.

Mr Crippen has also been instrumental in the policy of offering the freedom of the city

to world-renowned figures.

such as Pope John Paul II and

risa. Tha group later announced the acquisition of a privately-owned UK textiles marketing company and the issue of new shares to the ven-

There was some division of

Lourho were not left out, gaining 4 to 238p, but Tozer Kemsley were a better feature, spurting 7 to 105p on revived-speculation that major sharelder Sir Ron Brierley may

bid for the outstanding shares. Calor, part of Imperial Conti-nental Gas until May last year, went better after a recommen-dation from CIBC Securities. Dr Homa Motamen, Director of Oil Services, says severe cost cutting and increased industrial demand for bottled gas has resulted in higher pre-tax profit despite a very mild winter. Calor is expected to experience growth of 10 to 15 per cent in the next three years and it likely to increase its future dis

Rothmans Internation began to recover from the damage inflicted by the controversial payment to its retiring chairman, gaining 8 to 424p. News is also expected later this month about the possible restructuring of Rembrandt, one of the group's two major shareholders, which could be positive for Rothmans. Warburg Securities give the stock a high rating, pointing to strong fundamentals.

Jaguar were overshadowed by another month of lower US sales and closed 4 down at 286p. BZW Research advised subscribers to its Topic screen service that, "The July figure, down 25 per cent at 1539 units, indicates Jaguar is unlikely to meet our target of 21,000 US sales in 1988. Fundamental sale, but bid hopes remain". Dowty moved higher, ending 6 up at 211p, when an early above averge deal touched off a squeeze on marketmakers' ns. The

was said to represent the closing of a straddle between Dowty and CASE, which has accepted a share exchange offer from Dowty.

T Cowie disclosed sharply increased profits at the half-way stage but the news was expected and the shares exced. expected and the shares eased to 125p before rallying to finish 2 firmer on balance at 130p.

The day's one newcomer, property investment group Dukeminster, were boosted by a firm property sector. Placed by brokers BZW at 75p, Duke-minster quickly raced to 81p before closing at 80p on a 5 pence premium.

ion shone brightly in a dull Stores sector following a suggestion in the Press that group has a break-up value of 500p. Although no names were linked with Burton, marketmakers think that a bid could appear if the stock con-tinues to underperform the market. Burton closed 6 better at 235p. Goldberg continued its recent run, jumping 10 to 225p as Charterhall upped its stake in the retail fashion group to 22.02 per cent. Charterhall

eased a ¼ to 25%p. Blue Circle traded briskly (around 2.4m shares changed) amid a continuation of Hanson the good at 469p. Elsewhere there was a good turnover in Marley, up 9 at 159p, with some demand being aroused by talk of stakebuilding. Redland, bought recently for its income attractions, encountered further persistent buying and closed 8 dearer at 445p in volume of 2.9m shares. Walter Lawrence, reflecting news that Colguy has increased its hold-ing to just over 12 per cent,

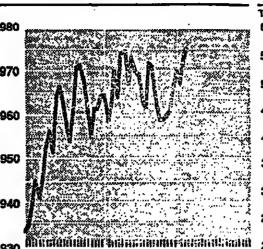
nproved 5 to 175p. Bid news from Mecca Leisure led to activity throughout the Leisure sector, with hotelrelated stocks enjoying sup-port. Trusthouse Forte rose 6 to 258p amid sizeable buying of traded options - September and December 260 calls saw most of

the interest. Belhaven climbed 6 to 62p, while Saga Holiday improved 17 to 235p as dealers chased eachother's prices. TV South returned from suspension and opened nearly 30 below its pre-

recovering to close at 315p.
There was minimal trade in the Brewery sector, with dealers occupied by the Leisure stocks. Greenall Whitley gained a further 10%p to 24%p, with Kleinwort Grieveson reported as a buyer.

Property stocks failed to maintain Wednesday's momentum amid soma late profit-tak-

ft-a all-share index



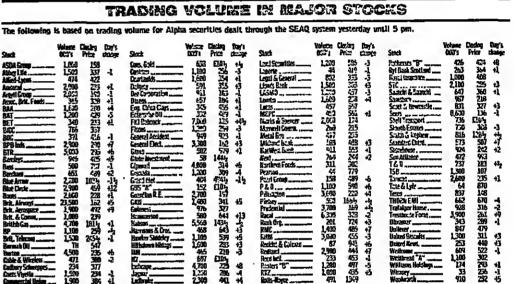
Financial Times Stock indices Hlgh Ago Low Government Secs 85.37 Fixed Interes 105.4 50.53 (28/11/47) (3/1/75) 195.4 734.7 43.5 (13/5) (15/2/33) (26/10/71)

Ord. Dt. Yleid Earning Yld. %(ftail) P/E Ratio (Net)() SEAO Bargains (Spm) Equity Turnover (Em) Equity Bargains Shares Traded (mi) 4.50 11.42 10.68 4.53 11.49 10.63 22,970 971.89 25,463 377.2 23.513 1037.74 27,529 \$52.0 Opening 010 am 011 am 012 pm 01 pm 02 pm 63 pm 04 pm 15024 15027 15036 15021 1537.6 1507.5 1509.5 1506.9

DAY'S LOW 1502.0 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆ Not 10.56

AUGU27

O S.E. ACTIVITY Aug 3 Aug 2 108.2 118.3 Gil! Edged Bargoins 165.1 5 - Day average **Ecuty Value** © London Report and latest Sharo Index: Tel. 0398 123001



NEW HIGHS AND LOWS FOR 1988

NEW HOUSE (1749.
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MIT. RANK & O'SEAS GOVT.-STLO. HOUSE
(1) Utd. Merdonn States 16-72 pc 2008.
FOREIGN BOHNS (1) Isoland 14-72 pc 2018.
AMERICANA D'A CAMADIANE (1) Danbus
(Res., RANKS (2) Rotholild (J), Westpac,
MERCENTS OF BETWEEN. Edition Flore Hes., BANKS 23 Rothobild (J), Weetpac, BRINGS 23 Rothobild (J), Weetpac, BRINGS 23 Rothobild (J), Weetpac, BRINGS 24 Rothobild (J), Weetpac, BRINGS 24 Rothobild (J), Harriso Inde, Hewston, Beton Johnson, CHEMICALS (2) Alzo, Wardle Storeys, STORES (G Coles Myrr, Courts A. Fine Art Dews., Goldberg (A.), BLECTRICALS (12) BRIGGESTRIAG (T1) POCOS (9) HOTELS (1) Ladiroles, BRUSTRIALS (13) 1179

SETW LOWS (13).
LOANS (2) Ni 7-100 "A" WI-84, Do. 57:pc
"82-97, CARADDANS (7) Armeno, STURES
(3) Glemar, Suramer Int., FOODS (1) Park
Food, INDUSTRIALS (1) Control Electrodes,
OS.5 (1) Oliver Res., Mintell (4) Durban
Doep, Bracken, Esst Durgas, Modder B
Gloid, THERD MARKET (1) Andeman Res.

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APPOINTMENTS

New chief executive for **Cardiff City Council** ahire league as an opening bowlar, has been deeply involved in the attempt to win the 1994 Commonwealth Games for Cardiff.

Mr Roger Paine has been sppointed chief executive of CARDIFF CITY COUNCIL, the third largest non-metropolitan district council in the UK. Mr. Paine, who is 44 and a graduate of Swansea University College, will take up his 263,000-a year post in November, writes Anthony Moreton, Welsh Correspondent.

Mr Paine has been chief executive of The Wrekin Dis-trict Council since 1980. Before that he was deputy chief execu-tive of the London Borough of

He succeeds Mr Harry Crip-pen, chief executive since 1879. Mr Crippen, a Lancastrian who at one time played professional cricket in the North Stafford-

the Prince and Princess of Wales, as well as opening the way for Cardiff to be twinned with the Chinese city of Xia-

non-executive director. ■ Mr John Chaplin has been appointed UK finance and commercial director by DYNO-ROD. He joins from ICL,

Mr J.A.V. Alexander has been appointed

a director of BURMAH OIL TRADING. He was responsible for external and internal

HESTAIR has appointed Mr Jeremy M. Stoke a director. He also becomes executive chairman of the newly-formed nursery products division, which includes Kiddicraft and the recently purchased Andrews Maclaren. Mr Stoke wasa managing director in the company's engineering division.

UNION SQUARE has appointed Mr Anthony Green and Mr Antony Spencer as joint managing directors and Mr William Sunnucks as group finance director. Mr Robert Tanner and Mr Peter Whitfield have resigned.

Mr Martin Russell has been

appointed executive director and treasurer of a new company SECURED RESIDENTIAL FUNDING, which will be managed by Household Morigage Corporation, Mr Andrew French has been made the executivé director in charge of operations. Mr Russell joins from Grand Metropolitan where he was assistant

■ Ms Anne Watts has been appointed equal opportunities director of MIDLAND GROUP. She joins Midland from National Westminster, where



Dr Eric Cawkill has been appointed liquid inks technical director to the printing inks division of BASF COATINGS &

opportunities programmes.

Mr Peter Leslie has been elected chairman of the OVERSEAS DEVELOPMENT INSTITUTE in succession to Sir Reay Goddes. Mr Leslie is deputy chairman of Barclays

■ THE LONDON TRADED OPTIONS MARKET COMMITTEE has elected Mr David Heron of James Capel and Mr David Roden of Barclays de Zoete Wedd as members. They will replace Mr Brian Carter and Mr Tim Edwards who have retired.

m Mr J.N.C.James has been elected a vice chairman of SUN ALLIANCE AND LONDON INSURANCE, He has been a director since 1972. Mr James is a trustee of the Grosvenor Estate, and a director of the Woolwich Equipple Building Society, and of the Royal Bank of Scotland.

Mr Ted Mitchell has been appointed chairman and chief executive of ARDON, national painting contractor. He was financial director.

■ COLOGRAPHIC has

appointed Mr Geoffrey Andrews, managing director of The Diners Club, as a

treasurer. Mr French was where he was vice president for central Europe. Mr Mike Cowler has been appointed vice president-international general manager operations at SDS Bank

director corporate affairs and

Opec tries again for consensus

Steven Butler sees a limited success at the Lausanne meeting

Wednesday's one-day meeting of the price committee of the Organisation of Petrolenm Exporting countries was a classic failure in detail, nor with the factor of the sort oil markets have

grown to expect.
Oil traders immediately marked down prices after the meeting ended, when it was clear Opec had no surprises this time to pull suddenly out of the hat, nor even e few reassuring words that overproduc-tion by Opec would soon end.

The markets were right to focus again on the fundamentals of supply and demand, and today the price of Brent crude dropped another 50% cents to \$14.46. But this latest Opec meeting ought not to be chalked up as just another fail-

This is true in the narrow sense because the five oil min-isters from Saudi Arabia, Vene-zuela, Algeria, Indonesia and Nigeria who gethered on Wednesday evidently had no grand initiative on the agenda and never seriously considered the question of whether to call a full extraordinary meeting of

Opec ministers. The meeting, set in e luxuri-ous hotel overlooking Lake Geneva, was initially to have been a quiet, secret affair where the oil ministers and the newly-appointed secretary general, Dr Subroto of Indonesia, could relax and discuss the deep rifts in the cartel that have prevented it from gaining control of oil markets recently. That in the event appears to be what happened, minus the

The meeting of course made no clear progress toward solving any of the cartel's ontstanding problems. These include Iraq's refusal to eccept a quota on its production, and the decision by the United Arab Emirates to lift its production about 50 per cent above its Opec quota of 948,000

By Nancy Dunne in Washington

and China, will produce the a pillar of the country's econ-largest one-year decline in omy, may collapse under the

DROUGHT, NOW raveging farmlands in North America

world grain reserves ever

recorded, according to Mr Lester Brown, head of a respected Washington think

tank and a former senior US Department of Agriculture

Mr Brown, president of the Worldwatch Institute, said that

even conservative estimetes

suggest e drop in the US grain harvest this year of 78m tonnes, e fall of 30m tonnes in

the China and a 6m tonne

decline in Canada. The previ-

ous record fall was last year, when drought, the failure of

the monsoon in India and the

US ecreage reduction pro-

The hitter row over how to define what kind of crude oil falls under the quota system was apparently not discussed in detail, nor what to do about the "nentral zone" crude oil production that inflates the Opec daily output and which Saudi Arabia and Kuwait say they are producing on behalf of Iraq as war relief.

Two new factors, however,

have given Opec members bopes that progress on these issues is now possible. First is the prospect for what Opec describes as "real peace" in the Gulf between Iran and Iraq. The war between two of Opec's major oil producers had sapped the strength of the cartel and prevented it from addressing some of the fundamental

"In the past no one wanted to talk about these things," said a member of one delegation to the meeting. "The war prevented dialogue and weak-

ened Opec."
Dr Subroto now plans to travel to Tehran and Baghdad to see if e formule can be agreed that will allow Iraq to rejoin the Opec quota system. Iraq had rejected a quota and unilaterally raised production in order to fund its war effort. An end to the war would not

solve Opec's problems so much as create the possibility of doing so, even though this, could take years. Second, Opec now has a full time administrator in Dr Subroto, who is capable of playing an activist role to exploit fully any possibilities for compromise among Opec's bickering members. Dr Subroto, in his long tenure as Indonesia's minister of mines and energy

He is widely respected both inside and outside of Opec, and has the authority to command serious attention when, in the

ISRAELI AGRICULTURE, once

increasing burden of debt

payments and this May's heat-

weve, warn the country's farmers, eppealing for Government assistance, writes

According to the Agricul-ture Ministry, direct crop dam-

gramme cut stocks by 56m

stocks down to 250m tonnes, or

54 days of consumption, Mr

Brown said. That would be "three days below the level that more than doubled grain

This year's fall would take

Laura Blumenfeld

prices in 1973."

COCOA C/tonne

Record fall in grain stocks forecast

earned a reputation as e mod-

erate man capable of making



Can exploit possibilities for compromise

coming months, he visits Opec nations to attempt to form e new consensus. That said, he faces enormous difficulties.

Opec's blokerings are at heart over how to divide a ple that keeps shrinking as non-Opec oil production continues to increase faster than growth in the world's demand for

The basis for dividing the Opec pie has come under attack as some Opec countries, notably Iraq and the United Arab Emirates, have appraded their oil reserve estimates thus claiming they deserve a bigger

But if some Opec countries receive e higher quota, others must logically accept a lower one unless the world is to continne being flooded by crude of supplies. This is a bitter pill for Opec no matter what Dr

Subroto may do.

The UAE has now given assurances to Dr Subroto that it would respect Opec decisions, including quota assign-ments, but at the same time it

ege from the unprecedented

Additional losses to related bodies could add another

At an emergency meeting in Tel Aviv this week hundreds

of near hysterical farmers

demanded grants from the

Government, rather than

Although the US returned

set aside lands to full produc-tion, it took four years to replenish the world's grain

stocks in the 1970s. This time,

rebuilding may take longer, Mr

Brown said.

atwave exceeds US\$190m.

insists its "legitimate" quota is over 50 per cent above the official Opec ceiling of 948,000 bar-rels a day, at 1.5m barrels. You are free to draw your own conclusions, said Dr Sub-roto after the the meeting.

Even at the scheduled meet ing of Opec ministers in November, he thought the car-tel unlikely to be ready to agree an entirely new basis for quota assignment.

Also at issue is the hitter row in the last meeting over-what constitutes crude oil. Very light and very heavy, crudes fall outside the Opec definition, but they compete with Opec crudes in the energy market. Kuwait has accused some Opec members, notably Venezuela, of increasing out-put of these heavy and light crudes in effect to evade their

This issue, like the division quotas among members, erodes the very foundations of the Opec consensus, the sense of fairness that Opec members must feel if discipline is to be

Another underlying diffi-culty is fundamentally differ-ent views on where oil prices ought to be. Sandi Arabia and other big Gulf Arab producers with reserves lasting many decades are thought to be wary of pushing oil prices too high for fear of making crude oil uncompetitive.

Other countries, however, desperetely need hard currency now and their oil reserves might not last long enough to take advantage of significantly higher off prices if and when they come in the

Wednesday's meeting may have belped to clear the air e bit. But Dr Subroto has a long way to go to reach his goal of restoring Opec cohesion, and no clear path to get there.

grain ontput explosion was achieving by ploughing highly erodible land, drawing down

water tables for irrigation and

"practicing other unsustaina-ble agricultural methods."

planted areas expanded by 21 per cent around the world, but

since then, the trend has been downward. In the US alone, 40m ares are headed for the

conservation reserve by 1990. In the Soviet Union, wind and

water erosion has taken its

toll, and farmers are abandon-

ing ebont Im hectares of eroded crop land each year. In China, the grain-growing

area has shrunk about 13 per cent since 1976. In India, the water table is dropping by

three feet a year

Between 1950 and 1981, grain

Auspicious date chosen for cocoa launch

By Wong Sulong in Kuala

TRADING IN cocca futures will start on the Kuala Lumpur Commoditiea Exchange on Monday.

The launch date, 8/8/88, was

chosen because, to the super-stitious Chinese, it signifies "double double prosperity". But the Malaysian authorities had more practical commercial factors in mind when they authorised cocoa as the fifth commodify to be traded on the

KLCE. "We are now the third largest cocoa producer, and we should be producing more than a quarter of e million tonnes by 1990. As such, we need to have a say in determining cocoa prices," explained a senior official of the Ministry of Primary Indus-

Apart from providing facili-ties for bedging in the Far East time zone, the ministry hopes the acceptance of the KLCE cocea contract will eventually eliminate the cur-rent price discount Malaysian cocoa suffers on European and American markets.

Malaysian cocon beans, because of their variable size and acidic taste, sell at £150 a tonne less than African beans in London, and this represents e hig loss of income for Malaysian growers. Like the tin contract, the

Like the tin contract, the cocca contract will be designated in US dollars instead of Malaysian ringgit, and the lot size has been raised set at 10 tonnes instead of 5 tonnes, to reduce the trading cost.

There will be two trading sessions the second running.

sessions, the second running from 4 pm To 7 pm Malaysian time, allowing for arbitrage with the London market.

The basis of the contract grade is a bean count of 110 or grade is a bean count of 110 or less per 100 grammes. Higher bean counts will ettract discounts on a graduated scale.

The exchange says cocoa beans from Malaysia and, Papua New Guinea will be delivered at par, while beans from Indonesia, the Philippines and Thailand will be at a discount of \$45 atomse.

Delivery noints et are

Delivery points et are approved warehouses et Tewan in Sabah state, Port Klang in Sekangor state and Pasir Gudang in Johore state. Malaysian cocoa production
 will reach 240,000 tonnes in 1988-89 and 250,000 by 1989-90, from 205,000 tonnes in 1987-88 (October-September), according to forecasts by the Sabah Marketing Corporation, reports Reuter.

The state-owned cocoa plan-

tation company said the rise in production mainly reflected the rapid increase in plantings in the East Malaysian state of Sabah in the early 1980s.

US MARKETS

Despite forecasts for scattered rain

Peruvian strike drives zinc higher

By David Blackwell

ZINC PRICES on the London Metal Exchange rose sharply yesterday amid growing concern about force majeure declarations being made in the strike-ridden Peruvian mining

Cash metal rose by £30.50 a tonne to £758 a tonne, more than doubling the cash premium over three-month metal to \$13.50, compared with \$6 on

Peru's force majeure declara-tions now appear to cover its entire output. Reuters reported on Wednesday that Minpeco, the state mining company, had declared force majeure on ship-ments from the Cajamarquilla zinc refinery after guerilla black-onts halted production. The troubled refinery has been The troubled refinery has been producing about 5,000 tonnes of zinc a month this year, com-pared with its capacity of about 8,000 tormes.

The news agency also reported a force majoure declaration at Mahr Tunnel, which produced 37,610 tonnes of zinc

inst year.

Mr Robin Bhar, of London metals trader Rudolf Wolff, said news of the Peruvian declarations had ettracted some speculative buying into the already tight market. Although Peru produced only about 3 per cent of Western world sinc, the impact of a hait in output impact of a halt in output would be heightened as the supply/demand balance was already heading for a deficit this year.

this year.

Zinc consumption is at its lowest level in the ounmer. When demand picks up in the next quarter, especially from the motor industry which is increasingly using the motor industry which is for galvanising body panels, supplies could get extremely tight, especially if the strikes drag on, he said.

Comex updates its copper contract

By Deborah Hargreaves in Chicago

NEW YORK'S Commodity Exchange (Comex) moved to update its copper futures trad-ing last week with the launch of a high-grade copper contract

The new contract, against which only Grade 1 electrolytic copper cathodes will be deliver-able, is more representative of world copper output and will gradually replace Comex's pre-vious system of paying a pre-mium for high grade material delivered against its standard grada contract.

The Grade 2 contract will gradually be phased out.
The high grade contract got off to a quiet start, trading 23 off to a quiet start, training as lots since its launch on Friday, but it has generally been well received. Exchange officials stress that the contract should not be judged by its initial trading volume, but by the stabilising effect it brings to a

Copper futures trading on Comex has been depressed by this year's persistent backwardation, which has made nearby metal more expensive than copper for delivery several months ahead – the opposite of the futures market's normal function.

Growers sceptical about Brazilian coffee forecast

By John Barham in Sao Paulo

A BRAZILIAN Coffee Institute forecast of a 20.6m bag coffee harvest was greeted with scepticism yesterday by local

The institute's forecast is only slightly down on its previous estimate of 20.7 begs, but Mr Isaac Ferreira Leite, president of a large coffee co-opera-tive, said "We think that fore-cast will not be attained, output will be closer to 1/m bags."

The coffee institute, a regula-

tory government department; expects the state of Minas Gerais to produce 8.8m bags and the state of Espirito Santo to produce 4.6 bags. Both these states in central and eastern Brazil are relatively new coffee

The traditional coffee produ-Parama to the photo-cing states of Sao Paulo and Parama in the south are fore-cast to produce 3.2m bags and 2.2m bags respectively. + Mr Ferreira Latte said that the 6,000 members of his co-op-

erative should produce no more than 500,000 bags this year — e quarter of last year's output. He explained that the and low yields. He added that the 1987 harvest was unusually

Nevertheless, Brazilian producers are not expecting a shortage of coffee. They say large stocks carried over from last year'e harvest will more than make up for the fall.

CRUDE OIL (Light) 42,000 US pails \$/berrel Latest Previous High/Low

15.26

Malaysian tin price at 30-month high

By Wong Sulong in Kuala Lumpur

TIN PRICES on the Malavalor TIN PRICES on the Malaysist market have again broken through the 19 ringgit a kilogram barrier (equivalent to \$4,200 a tonne). And this time there is greater confidence that the higher price can be austained, following the eppearance of firm orders from Rurope at that level.

The price first breached the 18 ringgit mark on July 7, with e sudden rise of 50 cents. But that was largely due to market orders to buy without price limits and the price soon slipped back.

This week's rise appears more soundly based. Physical tin yesterday gained anothercent to close at a 30-month.

cent to close at a 30-month high of 19.21 ringgit. A year ago the price stood at around

ago the price stood at around
16.20 ringgit.

A prominent Malaysian
miner said he thought the
current price was
fundamentally sound, and
should hold fur the near term,
"We are looking forward for
the 20 ringgit mark to be
breached before the end of the
year," he added.

Confidence that tin prices will remain stable has prompted the Government of Perak state, the leading tin-producing state in Malaysis, to propose the reintroduction of a 1.5 per cent royalty. The average Malaysian production cost is around 15 ringgit a kilogram.

Meanwhile the semi-official Maleysian Institute of Reconomic Research said yesterdey that it expected overhanging world stocks of tin, which stood at 47,600 terms less than 100 terms. tonnes last April, to be whittled down to 20,000 tonnes by March next year, as a result of the supply rationalisation scheme being operated by the Association of Tin Exporting Countries.

Melaysia'a only copper operation, the 51 per cent Japanese-owned Mamut Copper Mining Company in Sebeb has announced a "significant turnaround" in profitability for the year ended March 1968, after many years of losses. The profit figure was not disclosed but it said it expected to wipe off its accumulated losses of 133m ringgit within three years.

Last year, the company produced 120,000 tonnes of 200m ringgit. The concentrates were exported to Japan for smelting, yielding 30,000 tonnes of copper, 2.5 tonnes of gold and 14 tonnes of silver. The mine was set up in 1975 by the Japanese Overseas Mining Resources Corporation. Development

Chicago

862/4 867/4 877/0 877/0 879/0 869/0 868/0

28.10 28.17 28.50 28.75 28.77 28.82 28.92 28.22

259.2 264.7 262.5 251.5 258.5 258.0 253.0

304/4 312/0 316/6 315/2 311/0 288/0 270/0

362/4 394/0 396/4 374/4 354/2

Ciose

67.27 69.17 71,47 72,40 74.07 73.92 71,30 71.00

Aug Oct Duc Feb Apr Jun Aug Sep

Aug Feb Mer May Jui

31,92 31,52 51,52 52,95 52,35 60,00

Aug Sep Nov Jan Mar Mar Jui Aug

Aug Sep Oct Dec. Jen Mar May Jul

835/4 940/4 850/4 854/0 856/4 850/0 840/0 820/0

SOYABEAN OIL 60,000 lbs; cents/lb

27.35 27.55 27.57 28.10 28.10 28.13 28.40 27.30

256.5 265.0 253.7 261.7 250.0 248.0 246.0

360/4 392/4 394/6 374/0 363/0

SOYABEAN MEAL 100 tons; \$/ton

878/0 879/4 880/4 884/0 886/4 880/0 877/0 880/0

28.25 28.45 29.67 29.10 29.10 29.13 29.35 28.30

273.7

270.0 208.0 207.5 205.0 254.0 200.0

307/4 316/0 319/4 319/6 316/0 295/0 275/0

31,00 52,42 52,40 53,50 53,60 51,30

27.86 27.88 28.12 28.50 28.70 28.70 20.80 25.75 20.80

254.0 260.8 258.5 267.5 250.0 253.0 252.0

300/4 306/4 313/0 313/0 308/0 208/0 27/2/0

65,00 67,40 69,50 71,20 73,20 73,15 70,90

31.47 61.45 51.60 57.60 52.35

۶,

1.15

It was not noticed during the 1970s, but much of the world's WORLD COMMODITIES PRICES

LONDON MARKETS COFFEE prices continued to advance yestarday, dealers said conditions were still very nervous after the recent sharp setbacks, although there were

eigns that prices were beginning to settle down. The market closed off the dey'a highs, with three-month robusta adding £17 to £992 a tonne. Earlier this week II was trading as low as £860 a tonne. Cocoa prices edged ahead, also closing off the day's highs. Sentiment remained buoyed by conce naarby supplies as the ivor continues to stay awey from good underlying manufactu for current and new crop co including cocoa butter. On copper closed at the day's following Comex. The rise copper and zinc elso helpe

short-covering.			-
SPOT MARKETS		<u> </u>	BUK
Crude oil (per barrel FOB S	eptember)	+ pr -	Rew
Dubel	\$12.70-2-80y		Oct
Brem Blend W.T.i. (1 pm est)	\$14,42-4.50z \$15,03-5.00y		Mar
Oli products	V.0.00 0.003		May
(NWE prompt delivery per	tonne CIF)		Oct
		+ 07 -	Whit
Premium Gasoline Gas Oil	\$175-177 \$127-129	-3 -3	Oct
Heavy Fuel Off	\$65-67	-1	Dec
Naphtha	\$134-137	-3.5	May
Petroleum Argus Estimates			Aug
Other		+ or -	Oct
Gold (per troy oz)	\$433.25 688c	-1	Whi
Platinum (per troy oz)	\$534.00	+5.25	Pari
Palladium (per troy oz)	\$124,25		Mar
Aluminium (Iree market)	\$2655	+50	GAS
Copper (US Producer) Lead (US Producer)	96 % -98¢ 36¢	-1	
Nickei (free market)	630c		Aug
Tin (European free market)		+7.5 +0.01	Sep
Tin (Kuela Lumpur market) Tin (New York)	342.25c	+0.25	Nov
Zinc (Euro. Brod. Price)	\$1200		Dec
Zinc (US Prime Western)	65½c		Jan
Cattle live weight)† Sheep (dead weight)†	117.78p 206.98p	+1.47*	Turr
Pigs [live weight)† -	73.17p	+3.63	GRA
London daily sugar (raw)	\$309,0x	-0.6	Whe
London daily suger (white)		-8	Sep
Tate and Lyle export price		-6.5	Nov
Barley (English feed) Maize (US No. 3 yellow)	£103.75y £143.52	-0.5	Mer
Wheat (US Dark Northern)	unq		MEY
Rubber (apot)*	73.00p	-0.50	Berl
Rubber (Sep)♥ Rubber (Oct) ♥	79.00p 79.25p	-0.50 -0.50	Sep
Rubber (KL RSS No 1 Aug)	344.5m	-3.5	Jan
Coconut oil (Philippines)§	\$806x	+5	Mar
Palm Oll (Malaysian)9	\$470z	+5	May
Copra (Philippines)§ Soyabeans (US)	\$425 \$187.5z	-0.5	Turn
Cotton "A" Index	59.40c	-0.55	_
Wooltope (64s Super)	650p		POT

Senti	ment			202.74 (120	7.78) .									
m ab		COFFE	E/tonne											
ry Coa	ıst		Close	Previous	High/Low									
n the		Sep	984	960	1000 980									
repor		Nov	982	275	1002 970									
ocoa,	mand	Jan Mar	1003	990 995	1005 983 1015 989									
the LI	45	May	1019	1005	1015 996									
highs		My	1022	1005	1005 1004									
in bot		Turnove	r: 3984 (5878) lots o	5 tonnes									
d the		ICCO II	dicator p	rices (US c	ents per pound) for									
Anced	d on	everage	:Comp. (daily 103.83 111.97).	(98.78); . 15 day									
	<u> </u>		(\$ per to											
nber)	+ pr -	Rew	Close	. Previous	High/Low									
70-2-80	-0.40	Oct	272.00	262.60	274.00 262.00									
42-4-500	-0.505	Dec	267.00 263.00	252.00 243.00	252.00 258.00 244.40									
03-5-00)	-0.40	May	245.00	238.80	241.00 236.00									
		Aug	243.00	233.00 281.00										
CIF)	+ 07 -	White	Close	Previous	12-b0 and									
-177	-3	Oct			High/Low									
-129	-3	Dec	266.0g 261.00	278.00 274.00	266.00 277.00 275.00 273.00									
67 -137	-1 -3.5	Mar	280.00	273.00										
-10/	-0.5	May	280.00	273.00										
	+ or -	Aug	280.00	273.00 273.00										
.25			r: Raw		lots of 50 tonnes.									
	-1	White 9	22 (1042)											
.00 .25	+5.25	Mar 174	O, May 1	745, Aug 17	Oct. 1750, Dec. 1740, 145 Oct. 1750									
5	+50	GAS OIL S/tonne												
-96¢	-1		Close	Previous	High/Low									
		Aug	129.00	132.75	129.50 128.00									
0.0	+7.5	Sep	128.25	132,75 134,50	130.00 128.25									
ir 25c	+0.01	Oct. Nov	130.75	138.00	131.25 129.75 132.75 131.25									
õ	. 0.20	Dec	133.00	136.75	133.00 133.00									
<u> </u>		Jan	132.00	135.75	132.00 131.00									
78p	+1.47*			105) lots of	100 tonnes									
88p 7p	+3.63	GRAINS	C/tonne											
,Ox	-0.6	Wheel	Close	Previous	High/Low									
X.	-8	Sep	104.70	104.60	104.70 104.60									
.5	-6.5	Nov	107.15 110.10	105.95	107.25 107.10 110.15 110.00									
.75y .5z	-0.5	Mer	112.50	112.40	112.50									
	-0.3	May	115.86	115.20	115.35									
2	-0.50	Berley	Close .	Previous	High/Low									
ρ 5ρ	-0.50 -0.50	Sep	101.50	101.35	101.55 101.25									
2001 200	-3.5	Nov	104.46	104.30 107.30	104.50 104.20 107.45 107.30									
*	+5	Mar	109.60	109.46	109.50									
z	+5	May	111.40	111.46	111.40									
.5z	-0.5	Turnove	r lots of	146 (207) , 160 tonnes,	Barley 150 (165) .									
)c	-0.55		E\$ E/ton											
d. D-C-	nce/kg.		Cicse	Previous	High/Low									
y-Sep	. q-Oct	Nov	73.5	74.0	73.0									
L 1Me	st Com-	Feb	90.0	90.0										
Chan	ge from et. §CIF	Apr	103.1	104.0	104.0 101.0									
	ot. 30P	May	114.0	116.0										

	Close	Previous	High/Low	AM Official	Kerb close	Open Interes
Alambilum	, 91.7% purk	y (S per tonne)			Ring to	Knover 125 ton
Cash 3 months	2670-80 2580-90	2810-30 2540-80	2650	2650-5 2570-60	2570-90	7,481 lots
Municipa	,99.5% purky	(£ per tonne)			Ring turns	ver 12,350 torn
Cash 8 months	1505-10 1430-2	1475-80 1415-20	1510 1436/1424	1505-10 1425-30	1428-0	49,452 lots
Copper, G	rade A (£ per	tonne)			Ring turns	ver 37,375 tone
Cesti 3 months	1292-4 1254-6	1222-5 1225-6	1255/1252 1255/1243	1252-3 1245,5-8	12 16-9	57,044 lots
Copper, S	enderd (2 per	torate)			Ring	turnover 0 tone
Cesh 3 months	1215-20 1215-20	1185-90 1185-90		1205-10 1206-10		35 lots
Silver (US	cents/fine ou	noel			RI	g turnover 0 or
Cesti 3 months	662-5 696-9	684-6 698-700		551-4 595-6	595-700	505 lots
Lead (E pe	r tonne)				Ping sum	ver 10,875 total
Cesh 3 months	349-51 353-4	345-50 352-3	354/351 358/353	351-2 358-6.5	352-4	12,209 lots
Mickel (S p	er 120mm*)				Ring turn	over 1,002 toni
Gash 3 months	14250-850 13600-60	13950-4050 13460-75	14000 13650/13450	14000-100 13500-50	13600-60	6,834 lots
Zinc (£ per	tonne)				Ring turns	wer 23,825 tons
Cash 3 months	752-4 739-40	722-3 716-7	744/745 745/727	743-4 729-30	740-1	22,803 iots

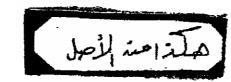
eli ronth	752-4 739-4		22-3 16-7	744/748 745/72/	749-4 729-30	740	-1		22,803	iots
YABE		L Chonne			TOHDOH BI		APRIC			
	Closs	Previous	High/Lo		Gold (Time oz)	\$ price		E .	quivale	ार्थ
8 t c b	171.00 171.50 175.50 179.50 178.70	158.00 167.20 172.50 177.50 177.50	162,00 172,80 177,50	173.00	Close Opening Morning fix Alternoon fix Dey's high Day's low	433-433-1 433-4 433-4 453-1 432-4-34-1 432-1-43	ilg.	253 253	253 1 ₂ -253 1 ₂ -154 -417	
_		4) lots of 2			Coins	S price		-2	ouivale	rrit.
EGHT		ES \$10/Inde	z point		Maplelead	446-451			2-265	
	Close	Previous	High/Lo	w	Britannia	445-451			2-265	
g 1246 p 1379 t 1470 n 1439 or 1475	1240 1306 1465 1436 1465 1192	1247 12 1380 13 1410 14 1439 14 1475 14	12 00 . 30	US Eagle Angel Krugerrand New Sov. Old Sov. Noble Plet	446-451 444-448 433-435 102-103 102-103 5 646.96-66		258 252 56 1	2-253 3-252 12-254 2-60 4 2-60 12	5	
					Silver fix	prime oz		US	C3 90	ulv
					Spot 3 months 6 months 12 months	400.75 411.65 422.50 443.80		585. 568. 714. 744.	80 45	
Text	AND VI	PORTABLE								
rapes	from Cy	prus are at	oundent v		LONDON ME	AL EXCR	-	TRAS	- \	TIONS
arlette	s 500-€1	.00 a lb (65	0-21.00) 1	end }	Aluminian (9	9.7%)	Ce	dis	P	uta.
ardina Unnik	al 50-70p	(80-90p), re	increase	VIB.	Strike price S	TOTAL SERVICE	Sept	Nov	Sept	Nov
ech (5 Beland Ureks	iOp-£1.00 d kiwifru jernons), as have to t 15-25p (18 12-18p (12-2	hose of N 3-25p), an 22p). New	lew id arrivals	2400 2550 2700			255 175 114		97 163 250
		resphine per respies 20-			Affectalum (9	8.5%)	C	Hs	Pr	rts
tick be	sans 60p 40-75p (7	E1.00 (E1.20 Op-E1.00) as	0-1.60), rand french	beans.	2500 2860		163 82		85 162	

2050 2150 2250

60 6,634 lots g turnover 23,825 tonne 22,803 lots	from futur follor but v was appr	rg, govering earlings to the control of the control
	GOLI	100 to
WET		Clos
E equivalent	Aug	433.4
253-253 12	Sep	435.4
253-253-2	Dec	443.8
253.154	Feb	449.0
253,417	Jun	455.1
	AUG	467.1
0 1	Oct	473.1
melaviupe 2	PLAT	NUM 6
260 12 - 265 12 260 12 - 265 12		Clos
25012-25312	Aug	530.
258 -1-252 2	Oct	535.0
252 ¹ 2-254 ¹ 2 56 ¹ 2-60 ¹ 4	Jan	541.5
50 2-60 2	Apr	548.0
319.5-323.2	Jul	555.5
US ets equiv		_
685.20	SILVE	R 5,000
999.80		Clos
TIGAS	Aug	685.5
744.25	Sep ·	690.0
	Dec	705.4
	den	710.6
IGE TRADED OPTIONS	Mar	720.6
	May	721.2
	Sep	752.8
ept Nov Sept Nov	Dec	769.9
265 97	COPP	ER 25,0
175 163 114 250	-	Close
Califs Puts	Aug	93.40
	Sep	93.40
85 85 2 162	Oct	81,90
266	Dec	88.80 87.00
	Mar	85.20
	May	85,40
0 165 30 60	-	

withi	n the m	ext twenty	r-lour no	urs, the	Seb	75.03	13.26	19.10	14.40
		oybean o			Out	15.17	15.36	15.25	15.10
		er, but w			Nov	15.30	15.47	15,35 .	15.23
					Dec	15.42	15.60	16.53	15.33
		e coupun			Jan -	15.53	15.68	15.00	15.43
repo	rts Drex	el Burnh	am Lamt	ert	Mar	15.55	15.79	15.65	15.55
Octo	ber live	cattle me	wed to li	mit-up as	May	15.50	15.85	15.78	15.00
A FRE	sult of b	anvy buy	no by or	e packer,	Jun	15.66	15.88	15.66	15.88
		und bellle			MEATE	NG OIL 4	000 US 00	Ita, centa/U	S calls .
							_		
				s. Sugar		Latest	Previous	High/Low	711
Was	спорру,	closing i	nigher or	the day,	Sep	4260.	4298	4290	4225
but v	vith pan	ed gains	as the m	Bricet	Oct	4325	4341	4340	4280
		d above 1			Nov	4380	4418	4418	436S
		olte trade			Dec	4400	4506	4600	4440
					Mar	4345	4358	4875	4300
		g. Coffee,			Apr ·	4250	4258	4250	4250 .
tradi	ng lowe	r on fund	and spe	culative	May	4200	4183	4220	4140
sellir	10. 88 th	e morket	ettempt	built of be	Jun	4200	4138	4200	4200
		d. Cocca							
		nterest, v			COCO	A 10 lonn	es;\$/lonnes		
						Close	Previous	High/Low	
		d. The pr				CHURCH	PINNUS	Liftherton	<u>·</u> ·
Were	quiet, s	silver and	platinum	n holding	Sep	1498	1479	1514	1490
level	s made	on the or	enina w	th mixed	Dec	1509	1492	1513	1406
		traded n			Mar	1510	1409	1520	1500
		lightly to		ologo	May	1541	1524	0	0
					Jul	1506	1549	0 '	•
		trade sel		rgy	Sep	1590	1573	0	0
futur	es tende	ed to ease	e with		Dec	1512	1606	1612	1612
tollow	w-through	th selling	from yes	sterday.	~~=	E 400 III	500fbs; cer	-	
but w	CHILDE	were ligh	it and su	Sport	CUFFE	# -C - 31	buulos, cor	TURY TOB	
		as the m		PPUL		Close	Previous	High/Low	
					·	***		118.45	444.00
sppn	DECTION	contract i	OWS.	•	Sep. Dec	116.57 116.79	118.20		114.80
No	WY	O. F.			Mar			120.90	117.50
144		UIR				118.59	120.10	120.75	118.00 118.00
					May	118.00	120.00	120.00	119.00
GOLD	100 troy	σz.; \$/trοy c	Z.		Jul Sep	117.45 116.39	122.00	110.50	119.00
	Close	Previous	High/Low		Dec	117.44	120.01	ŏ	Ö.
_									·
Aug	453.4	433.3	454.0	482.2	SUGAL	R WORLD	"11" 112,0	00 lbs; cent	a/lbe
Sep	435.4	435.9	0	0		-		141-2-0	
Oct	435.2	438.7	439.3	437.1	_	Close '	Previous	High/Low	
Dec	443.8	444.3	445.1	442.6	Oct ·	12.05	11.51	12.10	11.62
Feb	449.6	450.1	0	0	Jen	10.78	10.76	0	0
Apr	455.3	455.8	0 .	0	Mer	11.03	10.68	11.12	10.60
Jun	451.1	461.5	0	0	May	10,63	10.40	10.75	10.40
Aug	467.1	467,6	0	0	Just	10.35	10.10	10.50	10.27
Oct _	473.1	473.6	472.0	472.0	Oot	10.10	10.00	10.20	10.06
PLATE	NUM 60 to	roy az \$/tro	y oz.		COTTO	AN 600 000	cents/lbs		
	Close	Previous	High/Low		-				<u> </u>
			LIGHTLE		_	Ciose	Previous	High/Low	
Aug	530.5	525.8	0 .	0	Oct	54,70	54,15	64,85	53.90
Oct	535.0	530.3	539.5	\$30.5	Dec	53.70	53.05	58.76	52.85
Jan	541.2	636.5	544.5	539.0	Mer	53.90	53.45	64.05	53.45
Apr	548.0	543.4	552.0	550.0	May .	54.30	53.65	54.30	63.85
Jul	555.5	550.9	557.5 ·	667.5	Oct	55.67	55.55	\$5.67	55.60
Oct	553.0	558.4	0	0	Deo ·	55.66	55.55	55,60	55.55
SILVE	8 5,000 tr	DY OZ, CONS	TOTOV OZ.		OBAW.		15,000 lbe;		
					CALL COM	ME JUNCE	10,000 100;	Centarios.	
	Close	Previous	High/Low			Close	Previous	High/Low	 .
Aug	685.5	683.5	467.0	687.0	Sep	195.00	189.00	195.60	189.00
500 ·	690.0	688.0	805.0	056.0	Nov	182.85	181.50	195.80 183.00	181.50
Oct	696.3	693.3	•	0	Jen	175.80	174.80	175.00	174.50
Dec	705.4	703.6	710.0	702.5	Mar	173.75	173.00	174.00	172.75
Jan	710.6	708.7	d		May	172.85	172.00	173.00	172.50
Mar	720.8	719.0	725.0	718.0	-kul	170.85	170.50	0	0
May Jul	721.3	729.3	733.0	732.0	Sep	170.85	170.50	Ð .	0 .
Jul	742.0	740.4	744.0	740.0	Nov	170.85	170,50	0	0
Sep Dec	752.8	751.4 768.5	ö	8	^-dan	170.85	170.50	0 .	Ö .
COPPE	R 25,000	lbe; cents/0	be .						•
	Close	Previous	High/Low						11
-					MEDIC	23			
Aug	93.40	90.65	93.40	82.10				:	
Sep	93.40	91.25	23.70	92.40	HEUTI	Ets (Basi	s: Septemb	er 18 1931 .	- 1003
Oct .	81,90	89.95	a	0	1	Aug 3	Aug 2		
Dec		87.20	89.10	87.80	1		~~y «	mnth ago:	700
Jan	\$7.00	35,45	0	0 .		1868.4	1868.9	2004.4	1624.0
Mar	85.20	85.00	86.55	85.65	1000	CHES IS	sse: Dec. 3		
May	85.40	\$4.40		84.60	1000	10	Dec. 3	10/4 - 1	00)
Jul	64.70	83.90	0	0	Spot	130.40	131.06	135,79	130.1e
Sep	84.00		0.	0		134.24	132.85	141.76	129.62
Dec	53.30 ·	82.90	0 .	9	1				

that tin R (able time Government) to the leading to in Malrey to the leading to the form production to the form of the form of



WORLD STOCK MARKETS

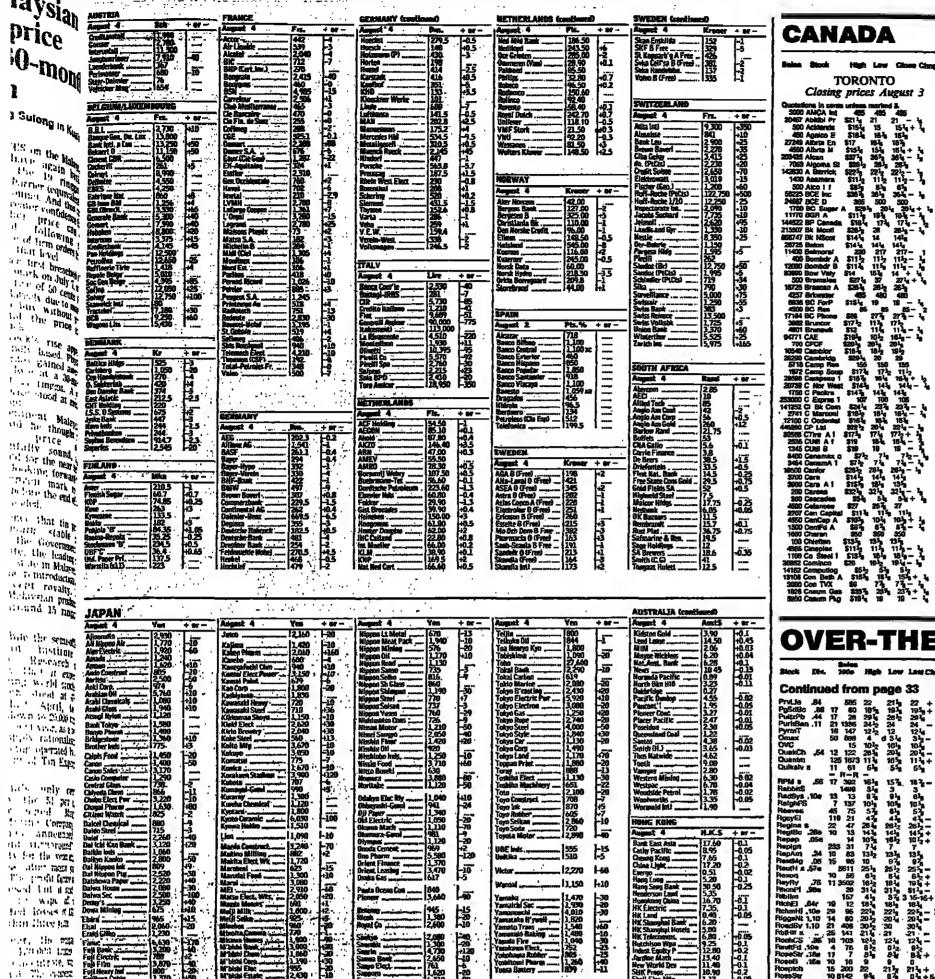
-0.45 -0.45

1118 | 651N

+0.05

1-60 H10 , | 1,156

12,270



1,040 941 1,340 1,050 1,110 983 1,110 969 5,580 1,370 617 840 3,640 945 1,360 2,600 2,600 1,300 4,710

TORONTO Closing prices August 3 Demandes in some manufacture and the second strip 11 to 11 to 12 to	CANADA			
147305 Lakdiw 8 f 5154 152 155 - 4 470 Scotts C 514 14 14 Total Sales 4,243,169 wherea,	TORONTO Closing prices August 3 Quotations in cents unless marined 3. 3000 AMCA let, 455 485 50047 Abbils Pt 211, 21 21 - 1, 500 Ackiterds 5151, 21 21 - 1, 500 Ackiterds 5151, 21 21 - 1, 500 Ackiterds 5151, 15 151, 14 48 Agolec E 5151, 15 151, 14 48 Agolec E 5151, 15 151, 14 1, 15 10 1, 1	COC Coccase Store Stor	2725 Lawr Bh	1900 Select A

| Shock | Dist. | Dist. | Shock | Dist. | Dist. | Shock | Dist. | Dist 5 t₄ - t₅ 10 t₄ + t₆ 26 t₅ - t₇ 7 t₇ + t₇ 10 t₈ + t₇ Verteri Verteri Verteri Verteri Verteri Verteri 61/2 161/2 261/2 73/2 131/2 253/4

	_		OK	VO.	Ma	-	Action	Btook		_													
						•	Olemin with	21	<u> </u>	- Pro-	· · · ·	420			- W 142	<u> </u>					-0-7	197	-9-2
thina .48 imed	13	155	4212 174				System Alle	23 802	194 31		184+1 31 + 4	Velve Valif		3	7 80 141	14	14 %	ZionUt 1 Zondyn	1.44	50 31	134		23 4 - 1 13 b
	26 15	563 58	28 4		265 +	5	Systin	5 5	6	5	6 - 4	VWR	.80		2 12 195	1912	1812 - 12	YlowF s	.70	17 623	20-5	28 4	284 -
nird s .16	13	42	273	274	27 %		Synthio 1.12	267 166	5	71	262+2	VM.		2		10.7	174 + 3	Xyvan		4 35	4	64	<i>;</i> +
ulak	19	19	143	144	143	-2	SunMic Sunwat e1.12	22 3336 0 16	25 2		355 - 4	V B		• .	4 329 114	94	11 kg	Xylogia		3134	7	5 7 6 7	7 +
Paul B .30	P	164 3161	4414	434		5	SunGrd	21 60	194	194	194 + 4				V-V -			Xicor		17 1456	161	9%	9 ¹ 4 -
Jude	18	151	303	381	3813		SumitB .726	16 190	22.2		224 - 4	Unv		0 1	4 52 02312	281	23	X-Rite	200	19 26	22 2	22	22 -
chien	11			1-162	1-16-1		Sumorp .58	6 298	261		20	Unvi			25 226 61	61	54+1	XOMA		1375	141	13	145+
of thr	•	13	18			ij	Sumanh	6 309	124	1114	514 + 14 124 + 14	Unit			0 33 21 3 145 171	30 k	31 + 4	XL Dt s		-X-Y-Z 11 1112	244	244	244-
deco 1,80		812	28	253 ₄	26%-	i.	Subaru Suffin 101	822	672	6	65	U6ti UnTi			6 43 51% 0 33 31	\$1	214 + 4	Wyman	-80	<u> 18</u> 64	1512	15 2	154
F AB1.73e		1346			512g - 3	3	Stryker	23 158	22.	22	2250 + 19	US '	Trat 1.10		2 182 374	\$7 h	374 - 4	Worthg	.14	17 317	244	24 4	24 4 -
a, By &	_	222	61	8	6		Structly	22 250	Ĩ1 '		17 + 3	US	HIC .10		625 63	5	1	WoMEx		133	1114	11%	114+
Fed	5	16	134	134	131	•	StrwbCl 1.10b	9 5			244 - 4 4 + 5	US			0 611 244	244	245+ 4	Wolsky	24	9 126	164	15 2	15 4 +
		275	187	181		2	Stwirf J6 Stratus	46 66 20 3690	244	1612	17 + 4	(JHH LANS		2	412 4 1-19 5 180 18	163	1912 - 12	Windm 0 WiserO	.40	13 1189	195 154	19	15 4 +
CI Sys	15	2-3 88	121	1254	125-	1.					- T	UFI	•C -96	В	6 6 26%	284	28 4 + 2	WitenF		28 934	13	12%	12% -
yan?		1073	64	512	612-	4	SteelT s SteSty x	16 36 6 105	184		18 - 1	UnE.	dS a		7 4100 B4	64	64+ 5	W#m7r	.64	25 35	2812	28	2517+
pytpr	25	56 :	3-16	34 3	i 3-10		Stw8c a .00	11 51	164		1914	UBC	iol	• •	87 153	15	16 - 4		20e	10 8	642	13.7	0 +
ouse 52			224		224+5	L	StaStBq .52	11 1288	23%	23-4	251 - 5	UnP			3 31 26%	25 20 5	20 2 + 3	Willamt 1	.20	6 142 6 294	514	13.5	50¼ - 14 +
ospich ossStr	15	200 5142	94	21 7 6 7	214+		StatRed A8	14 81	20		20 + 1		ati 1,36		6 6 2812	2912	20 2	WilyJ A 1		33 51	37	36	36-4 -
16e	10	16	9	9	0,		Spieger .21s StdMic	12 136	10%	10 55 _k	53 - 4	Unit		1	0 374 237	284	234 + 1	Whellch	-	23 471	21	20-2	2014 -
opeSir .The	17	7	81	81	BA +	4	Sovran 1.52	6 1144			331 + 1		8. 8 QO		2 453 504	3012	304 + 3	Water &	.52	15 12	244	245	243
evitific ,10e	4	76	612	012	912	*	Soutret 80	14 570	\$1	28 %	20%				2 80 64.	77	84+.4	Weston		23 118	184	1212	19 4 +
ochCS 26	25		214	124	121 -	2	Sound	18 64	19	181	184 - L	UST		2 1	6 4 204	2012	20 4	WmorG	.20)	10	174	15-4	16-4
04d6V 1,10	21	406	30-2	30	301		SCerNt 2.02	0 355 18 21	22.4		275+ k	US				\$ 1-16	5% + 1-10	Watmrk		628	233	22 4	234 +
1,10 Magg	14	60	20 2	2014	201	i.	SogocPd JZ	T9 \$16	32		31%	1 304	- 1		N=n =	10-3	10-11- 18	WiMrcA		26 132	20	184	791
chmHJ .10e	29		221	221	225	2.	SomrSv .19e	6 41	13	12.4	12%	Type			8 27 15 ¹ 8 6 588 18 ¹ 8	14% 18%	1514 + 14	WestFSL A	AUG)	8 144	33 21	207	374 - 21
iblim ichEl .04r	10	157	18	181	16-164 18-1	1-16	StwFb	17 202			234 + 4	20C			3 1621 264	18-4	10 % - 1	WetCap	404	37	124	374	12 -
honPl ,98e		20	314	314	\$1 ¹ 0 -	5.	Society 1,26 Society 50	6 70 7 36	20 2	281	364	Tart	cp 1.4	0	6 141 27	28%	20% + %	Werner	,00	13 115	14 2	14 4	14/2
eyRy ,78	21	3502	1612	1814	194 +	1	Scothiff Scothiff	10 32	37		37, - 4	Trus			2 211 254	25	254 + 5	Welkun		19 2454	1414	38 4	414 +2
expd	10		612	84	65.	2	Sizier	16 918		164	17 - 4	Trin			3 75 13 0 10860 µ24	12 ¹ 4	22 +212	Waxne & Welbit		10 396 16 65	11% 28%	282	26-1
eathig .08 ext. a Hue		96 5611	254	97	9% 25% —		Simple .60			154	152+		wck ,086 dSv		3 75 13	131	134 - 4		.62b	13 84		35 4	354+
apAm 24			1312	2334	135		SHICITX SknAir	29 118 15 1	114	174	174	TW/	l pf		14 29	284	264 - 4	Wattsind	12	15 40	26 4	28	264 +
epign	23	3 31	74	7	7	-	SMichVI 1	15 415		7	74+ 7		lin s	-	7 18 91	212	93	WMSB A		6 167	17 %	175	175 +
epep ,05e		14	105	1612	105+	7	SkiconS	10 557		13	134		OF & A		7 76 144	754	75 2 - 34	WashEn 1	1.05	7 50	265	15¾ 28	15½+ 3 26½+
egina s egiBo ,28e	22		264	2612	261 ₂ -		SilenGr	19 1019		16	16 - 4	Thir			6 116 \$14	204	21 + 4	WBcDC	.26	25	1812	1912	164 -
geyEl	11		47	44	44.	30	SigmD &	16 89	2012	184	254 - 3	3Co	m	2	3 1050 154	TEX	18 2 4 4	Warren		18 87	84	64	64+
baves,	45		53	614	52		SigmAl 32			44	45 +1		die		8 126 174	77	17 - 4	Walbro	.48	20 21	38	33	33
teloh/PS	7	137	104	105	1054		ShonSo Shrwd &	17 74		17%	17% - 1 155 + 1	7eb	10, nos E prison		7 253 1712	174	174 ~ 4 28 = 4	WID	AUE	6 273		30-2 11	11
adSys ,10e	25		87	914	61		Shoney	24 166		d 712	7%-34				7 253 174	144	143 - 3	WD 49 1	Atla	16 42	20E.	3012	3012 -
BPM s ,56	17	1400		15%.	18%-	28	ShawNt 1.28	472		284	285+ 4		mato		6 60 123	114	121	Volvo 1	520	5 47	524	524	524
	. =				-		Ste Med .80		184		113 - 4	7ek	ed 2		T9 37 2	37	37	Viratek		89	144	144	142+
tulkely a	11		6	55	65	-3	SycMer .08			113	12 65 ₀ — 1	Tch 7ek		,	12108 231	15 23	155+ 4	Viewids		38 452	17 %		11 4 +
DunkCh ,54 Dunnto		2 122 25 187		204 105	20% -		Sequent	29 4		175	174		nton "2		2 350 157	15.	161 + 1	Vicorp		543	101c	164	44 +
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										10-14	A + 1							YOU WILL U					

TOKYO - Most Active Stocks Thursday 4 August 1988 +60

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FINANCIAL TIMES

NEW YORK DOW JONES 367.84 891.58 891.28 886.20 185.44 182.37 182.43 182.85 306.34 306.50 306.72 306.28 388_52 367.00 368.06 367.33 CANADA

| 1,420 | -20 | 1,420 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 | -10 |

Mortusar

Odalyn Elac Bby
Obboyash Gund
Obb Paper
Old Electric
Cliquos Macch
Oburnus a-Gord
Oburnus a-Gord
Oburnus a-Gord
Oburnus
Obook Cernest
One Pharm
Orlent Flunnet
Priest Lessieg
Dsaka Gas

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		4	3	2.	3 .	Righ .	Low	
	All Ordinaries (1/1/80) All Mining (1/1/80)	3632.8 633.4	1622.7 828.2	3623,8 633.7	1424.4 536.5	1642.5 (18/7) 847.4 (22/7)	1170,7 (10/2) 532,4 (10/2)	
	AUSTRIA Credit Addien (30/12/84)	196.80	196.80	196.90	196.30	196.90 (2/8)	163.96 (11/2)	
	BELGIUM Bronnels SE CL/1/040	4944.50	4930,69	4920.03	4922.8	5043,1 (9/3)	3608.35(4/1)	
	DERMARK Copenhages SE CV1/839	227.94	227.86	227.31	227 14	227.86 (3/8)	180.68 (4/1)	
	FINLAND United Special (1975)	769.0	766,8	766.1	763.3	769,0 (4/8)	590.6 (15/1)	
	Phance CAC Coursi (91/12/82) Int., Texture(51/12/87)	958.5 134.5	358.7 134.6	359.0 134.4	357.9 134.4	368.5 G/71 137.6 G/71	251_3 (29/1) 89.7 (29/1)	
	GERMANY FAZ Aktien (31/12/58) Commerchank (1/12/53) DAX (30/12/57)	409.16 1488.7 1183.72	491 <u>.57</u> 1497.5 1387.67	489.42 1491.3 1184.21	478.78 1491.9 1189.60	495.78 (8/7) 1507.3 (8/7) 1199,% (5/7)	3%.40 (29/1) 1207.9 (29/1) 931.18 (28/1)	
1	Hong Kong Hang Seng Bank (31/7/64)	2677.57	2672,63	2701.09	2703.42	2772.53 02[7]	2223.5% 6/2	
	TALY Jaco Cool Ral (2972)	533.97	536.49	539.29	538.89	545.07 (18/3)	423.91, (9/2)	
1	JAPAN ^o Niktel (JA <i>JSJ49</i>) Tokye SE New (4/1/fall)	26292.66 2232.95	28348.45 2245.47	28346.33 2253.10	28326.31 2269.10	28364.33 (2/6) 2233.10 (2/6)	21217.04 (4/1) 1690.44 (4/1)	
	METHERLANDS AND CRS General (1970) AND CRS Industrial (1970)	282 1 238.4	Z01.5 237.2	200.2 295.4	292.1 236.4	282.] (1/8) 238,4 (4/8)	205.7 (4/1) 157.9 (11/1)	
I	NORWAY Osie SE (4/1/83)	425.65	419.10	429.59	438.77	423.64 (21/7)	327.78 (28J))	
I	SHICAPORE Seraits Times Ind. (100/12/64)	1365.56	1170.20	1160.83	1162-20	1170.20 (5/8)	833.60(4/12)	
	SOUTH AFRICA LSE COM (28/9/78) LSE Industrial (28/9/78)	1328.64 1574.64	1302.0 1674.0	1335.0 1677.0	1335.0 1675.0	1451.0 (7/7) 1758.0 (20/7)	1154.0 (4/5) 13(7.0 (12/2)	
ŀ	SPAIN Madrid SE (30/12/85)	296.24	217.27	296.42	245,77	301.63 (15/6)	225.50 (4/3)	
ł	SWEDEN Jacobson & P. (33/12/54)	3101.50	3065,90	3079.93	3082.20	3102.50 (4/8)	2148.5 (4/1)	
	SWITZERLAND Swiss Bank Ind. (31/12/58)		W	563	6	5553 (II/N	466.6 (13/1)	
۱	WORLD M.S. Capital Incl. (I/I/MI	60	456.3	672	457.2	465.2 CESSO	401.0 CZI/IJ	
ı	Subject to official reca	Saturday Jsly 30; Japan Militer 28199.94 and TSE 2247.03 Icial recalculation						

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Dow eases in wait for jobs figures

Wall Street

THE STAGNATION that bas marked equity 1rading throughout this week cootinued yesterday, leaving the Dow-Jones Industrial Average virtu-ally unchanged from a fort-night ago, writes Janet Bush in New York.

At 2 pm, the Dow ludex slood 6.23 points lower at 2,127.84, compared with the close on July 15 of 2,129.45. Daily gains so far this week have amounted to 1.78 points, 0.71 points and 2.85 points, a run of tiny price changes pecu-liar to this year and last.

Volume yesterday was moderate, with 87m shares changing hands by midsession.

Trading was slightly more lively on the US Treasury bond market, which registered modest gains in response to a sub-in the week ending July 23 was stantial ooc-week rise in unem-ployment claims and a Fed trend. The Labour Department

Founds rate of 7% per ceul, said the jump reflected tempo-which was lower than expec- rary lay-offs in the auto indus-

By midsession, the Treasury's beuchmark long bond stood il point higher to yield

Part of the explanation for both markets' performance this week is reluctance to build aggressive new positions prior to today's July unemployment and employment figures.

These are expected to show an unchanged unemployment rate of 5.3 per cent and a rise of about 250,000 to 275,000 in the non-farm payroll, below the average of monthly rises over the past six months.

The influence of weekly job claims figures varies, but the bond market appeared to take notice of them yesterday in spite of the fact that the jump not seen as representing a

Perceptions of the situation regarding inflation, economic growth and interest rates appear to have reached a rough halance, leaving 1be markets with little momentum in either direction.

Markets are aware of inflationary pressures in the econ-omy bul also that the Federal Reserve Board bas tighteoed policy to combal this. The question that remains unanswered is whether the Fed bas to do more. Hopes are that the unemployment figures will abed light on this.

Among the largest movers in the aquity market was Spectramed, the manufacturer of critical care monitoring products, which has agreed to be taken over by BOC of Britain for \$12 a share. It rose

news that the company had accepted the \$29-a-shara huyout by a management group, backed by First Boston.

VF, the clothing manufacturer, jumped \$1% to \$32% on speculation that investor Mr William Farley may be considering launching an offer for the company.

GTE, one of the most actively traded shares on the New York Stock Exchange yes terday, rose \$1% to \$41%. The company announced that it had boosted its quarterly dividend to 67 cents a share from 63 cents and that it planned to buy back up to 25m of its com-

American International, the insurance bolding company, dropped \$% to \$62% after reporting second-quarter nel operating income of \$1.75 a share, compared with \$1.44 a year earlier.

NYSE Volume 350

July 1988 August

day yesterday, in apite of increases by golds.

The composite index fell 5.9 to 3,348.2 in light volume.

In metals, Inco dropped C\$% to C\$36% after announcing it would rationalise its milling and concentrating operations

METALS, industrials and energy issues pulled the Toronto market lower by mid-

Nikkei falls on fears of margin clampdown

AFTER a record-breaking lt-taking pressure built up in late trading to send Tokyc share prices lower yesterday, writes Shigeo Nishiwaki of Jiji

The Nikkei average lost 55.79 to 28,292.66 after gaining 127 points to a record high of 28,475.68. The day's low was 28,246.25. Volume totalled 858m shares compared with Wednes day's 821m shares, Declines led advances by 528 10 343, with

177 issues unchanged. In London, Japanese shares fell further, with the ISE/Nik-kei 50 index off 2.18 at 1,868.38. Tokyo gol off to a strong start, with huylog interest centring on speculative issues such as Mitsubishi Oil and

Matsuzakaya. However, concern later grew that the recent rapid upswing would prompt exchange authorities to tighten margin trading restrictions and this sparked heavy profit-taking.
On the trading floor, Mitsuhishi Oil scored a maximum
allowable single-day gain at
one stage of Y100 to Y970 on concern. This was later denied by the company. The issue, which saw 37.08m shares-chaoge bands, ended Y46

higher at Y916. Matsuzakaya, a leading department store, soared Y800 to Y6,800 ou rumours of specu-

lative buying.
Fujikura, a stock linked to
waterfron1 redevelopmen1. lopped the active list with 60.69m shares traded, gaining Y50 to Y1,370. Tokyu Land rose Y70 to Y1,170 on speculation over resort development and saw 39.58m shares traded.

Keisel Electric Railway, with 32,72m sbares, added Y60 to Y2,130 on lingering rumours that its subsidiary, Oriental Land, which runs Tokyo Dis-

neyland, would go public.
Buying of large-capital stocks remained weak, although steels rebounded sharply towards the close, Kawasaki Steel gained Y36 to Y710, while Nigron Steel third. Y710, while Nippon Steel, third husiest with 59.65m shares, ended Y7 up at Y770 after briefly losing Y11. Ishikawaji-ma-Harima Heavy Industries, the second most active issue with 60m shares, fell Y10 to

ing bond buying operation.

The central bank purchased Y50bn of three issues of 10-year government bonds, including the 5.1 per cent bond maturing in June 1996, from three securi-

in June 1996, from three securities houses and seven banks.
As a result, the yield on the
benchmark 5.0 per cent governmen! bond, falling due in
December 1997, dipped to 4.945
per cent before ending al 4.955
per cent, compared with 4.980

per cent at Wednesday's close. Caullon dominated the Osaka Securities Exchange, pushing share prices moder-ately lower. The 250-issue stock average fell 129.29 points to 27,452,77, on an estimated volume of 72m shares, down 2.7m from the previous day.

Roundup

INTEREST in the region returned to Australia after two days of weakness. Turnover was also healthy in Singapore, hut Hong Koug remained

AUSTRALIA found fresh confidenca from stable commodity prices and optimism that forthcoming company rumours of a possible capital Bond prices firmed, bolstered results would encourage insti-tic-up with a Saudi Arabian oil by the Bank of Japan's rotatlarge cash holdings. The All Ordinaries index rose 9.1 to 1,631.8 and turnover picked up

to about A\$245m. In industrials, retailer Coles Myer showed the day's biggest rise with a 50 cent gain to A\$10.50, boosted by expecta-A\$10.50, boosted by expecta-tions that it would report a 40 per cent profits increase and make a bonus issue, according to brokers BZW Meares. Prop-erty group Lend Lease added 45 cents to A\$14.50, also amid rumours of a bonus issue.

HONG KONG eased further on lack of news and Tokyo's small decline. The Hang Seng index shed 15.26 to 2,677.37 in turnover worth HK\$636m, only slightly up on Wednesday, Properties saw the biggest losses, with Cheung Kong and New World both off 10 cents at HK\$7.65 and HK\$11.40 respec-

developer, was the most active stock, falling 7½ cents to HK\$2.90 amid reports it might be involved in a placement of World International added 10 cents to HK\$3.90 after its 55.8 per cent rise in group profits: Hutchison eased 10 cents to

HK\$9.25 amid speculation that

its subsidiary, Husky Oil, would hid for Texaco Canada.

taking and was not belped by Tokyo's late decline. The Straits Times index shed 4.64 to 1,165.56 in fairly active trading of 80m shares, similar to

Vednesday's level.

Actives included DBS Land, up 6 cents at S\$1.40 on 3.4m shares traded, and Tan Chong, % cent higher al S\$81% on

TAIWAN climbed to another record, led by banks, plastics, electrical and machinery issues. The weighted index rose 135.69 to 6,690.61.

SEOUL fell for the fourth consecutive session, with the composite index losing 10.86 to

SOUTH AFRICA

GOLD and other mining stocks rose in Johannesburg yester-day, boosted by the steady bul-lion price, although trading in other shares was cautious. News that South Africa might tighten import controls and put further curbs on credit added to investors' uncertainty.

Chemicals prove potent after strong Akzo results

CHEMICALS stocks attracted interest across much of Europe following results from Akzo yesterday and from Hoechst the previous day, writes Our

Markets Staff.

AMSTERDAM was led to another 1988 high by especially good results from Akzo, with trading in the chemicals group ominating the market.

"It's been a one stock day," "it's been a one stock day," said one Dutch specialist. The group's second quarter earnings per share figure of F1 6.03 was right at the top of expectations, she said. Akzo, which also reported a 17.5 per cent jump in interim profits, gained F1 3.50 to F1 146.50.

Share prices rose steadily over the session, with the CBS all share index closing at 99.8, a rise of 0.7. Heineken was strong amid

rumours that Elders of Austra-lia was interested in taking a stake, rising Fl 3 to Fl 150, while copier company Oce van der Grinten fell Fl 2 to Fl 285 on profit-taking after recent gains on takeover speculation. ZURICH had another good day as investors chased stocks privatisation stock CCF and retailer Casino.

priced at levels lower than their net assel values. The Credit Suisse index rose 4.1 to Retailers took the limelight

on the view that they are undervalued in relation to their assets, making them potential takeover candidates. Jelmoli bearers added SFr95 to SFr2,620 while Globus found SF7100 to SF77,400. Employment agency Adia, a strong climber in recent days, saw its bearers rise another SF1350 to

SFr9,300. Speculative froth surrounding the small insurers died down somewhat, although La Genèvoise, in which Allianz of West Germany has bought a 15

per cent, rose SFr250 to SFr17,200. Profit-taking took breweries
Iower in pre-bourse dealings
after their recent strength.
Feldschlössen bearers lost
SF:125 to SF:8:900.

BRUSSELS had a good start to the two-week account, with active domestic huying of steel stocks and some foreign inter-est in chemicals. The cash market index added 13.9 to 4,944.51 as volume continued to rise to an estimated BFr600m.
With both Hoechst and Akzo quoted in Brussels, results

SITUATION stocks provided the main interest in London again yesterday, with a 2600m bid by Mecca for Pleasurama, and a welcome for British Air-

ways' trading results.

A steady pound kept worries over interest rates in the background and the FT-SE 100 index finished 4.6 higher at 1,869.7 in improved turnover

from the two leading chemicals sparked interest in Belgian chemicals, with Solvay np BFr100 at BFr12,750 and UCB gaining BFr60 to BFr9,250. However, volumes here were still below average, with Solvay seeing only about 1,900 shares traded.

PARTS fell back at the end of

PARIS fell back at the end of fairly featureless session, with trading dominated by pharmaceuticals issue Sanofi

The CAC index opened 0.2 lower at 358.5 and the OMF 50 mdex eased 0.49 to 356.35. Volumes were estimated to be lower than Wednesday's FF639.6m worth of shares.

Sanofi, appearing on several buy lists after a re-rating, rose FFr11 to FFr791, with ahout 60,000 shares traded. CCF, benefiting from the expected reshuffling of share ownership in privatised stocks, added FFr8.90 to FFr188.50. Casino,

the higgest mover, pnt on FF110.50, or 7 per cent, to FF110.50, or 7 per cent, to FF1160.50.

Mail order firm La Redoute said it had raised its stake to 24.6 per cent in Empire Stores of the UK, but lost FF730 to FF730 an empire stores. FFr2,830 on profit-taking, hav-ing climbed recently on good

earnings figures.
Steel pipe manufacturer Vallourec, announcing 25 per cent higher interim group sales, was steady at FFr132.50. The stock has risen 110 per cent over the past year, and 55 per cent over the past three months, in response to its vastly improved profits picture over the past three was really to the past three months.

ture, one analyst said.
FRANKFURT found the itement on Wednesday to be short-lived, with prices com-ing off suddenly yesterday morning as profit-taking set in and volume fell away again. The FAZ index was off 0.26 at 489.16 at midsession, and the real-time DAX index closed 3.95 easier at 1,183.72. Volume shrank back to DM2.8bn after

Wednesday's DM2.9bn. The chemicals sector, which had benefited from Hoechst's good profits news the previous day, was one of those to drop back, with Hoechst itself of 50 pfg at DM279.50 and Bayar

pfg at DM279.50 and Bayar down 40 pfg at DM294.

Deutsche Bank lost DM4 to DM481 in the waka of its interim figures, described by one analyst as "a pretty good set of results".

Cars went most sharply into reverse amid mixed predictions for next year's profits, and BMW fell below the DM500 level, ending DM9 down at DM497. Dalmlar dropped DM8.50 to DM669.50 for a two-day loss of DM12.50 after news of its DM300m capital injection into offshoot Dornier, Against the trend, engineer-Against the trend, engineering stocks were better following news of good incoming orders, with Mannesmann up DM4 at DM175.20 on the day's most active trading of DM172m worth of shares. Investors are

expecting good results from the company and there is also speculation that an end to the Gulf War could bring contracts for the sector.

The bond market turned easier after the launch of the new DM4bn 10-year federal government bond with a 6%

government bond with a 6% per cent coupon and priced at par. The yield on the current 10-year bond rose to 6.77 per cent from 6.73 per cent.

MILAN fell back in a bout of profit-taking, although some buying support emerged at lower levels. The Comit index finished 4.52 down at 533.97 in volume estimated to be lower

volume estimated to be lower than Wednesday's provisional L157bn. Montedison attracted late interest, gaining L11 to close at L1,930, having fallen as low as L1,905. Other recent strong performers were easier, with Generali off L775 at L90,000

and Olivetti down L95 at MADRID was boosted by interest in utilities, construc-tion and engineering stocks, with the general index rising

0.97 to 298.24. HELSINKI rose to its fourth consecutive all-time high, with the Unitas all-share index up

Small proves beneficial in Austria

he small Vienna Stock Exchange is one of the lesser known bourses in Europe, accounting for just 0.4 per ceut of European equity trading and 0.1 per ceol of lotal world neighbor.

Its size was actually of bene-



Vienna

fit during last year's crash, whoo the market dropped by only 13 per cent, compared with the more common 25 per cent to 30 per ceot falls cise-where. This year, prices plummeted to a three-year low in February improving somewhat crratically between then and June. The past couple of mooths have seen a sustained rally, with equities climbing by about 13 per ceut.

The hourse, capitalised at Sch87bu (\$6.9bn), covers a total of 171 stocks — including the ordinary, preference and participatiou stocks of 122 compa-nies, both foreign and domes-

nies, both foreign and domes-tic. The top 10 stocks account for 56 per cent of the market, while the lop 25 are estimated lo account for about 90 per cent of turnover. A quarter of the stock is freely tradeable. The general index tracks the performance of all listed shares while the Vienna Stock Exchange share index covers 54 slocks. The widely-used Credil Aktien index covers 25

The hourse's 1rading day kicks off at 11 am, running for two hours until 1 pm. The forcign exchange market operates from 12.45 pm to 1.30 pm, and there are no secondary or

over-the-counter markets.
The exchange's trading system is largely paper-based, with a computerised order routing system due to be intro-duced in the near future. All transactions, including foreign ones, are in schillings and all stocks are quoted in schillings.

STOCK MARKET FACT CHART

VIENNA Market capitalisation: Sch 87bn (\$1=Sch12.96, £1=Sch22.38) Number of shares listed: 171
Top 10 stocks, percentage of market: 56%
Trading hours: official — 11 am-1 pm; none after hours
Average daily turnover, 1988: Sch 22.5m
Main indices: GZ all share index, VSE share index
(covers 54 stocks), Credit Aktien); 198 \$:

Current level of Index (Credit Aktien): 196.5; 1988 high: 196.9 (2/8); 1988 low: 163.98 (11/2) Settlement: second Monday following full business week

Austrian Airways, the stalerun national carrier, and sev-eral new listings in June have helped improve trading on the bourse. Average daily turnover ao far this year stands al Scb33.7m. Volumes bave increased considerably over the past four years, helped hy the boost 1bal new listings have given to liquidity.

The market continues to be controlled primarily by the banks. Settlement generally takes place on the second Monday following a full business week, and dealings are settled by cash or through the weekly clearing system, known as

tions on foreign share owner ship and non-residents may buy and sell domestic and foreign secorities listed on the bourse for freely convertible currencies without restriction.

There is all present a 20 per cent withholding tax on divi-dends, due to be increased to 25 per cent at the beginning of next year. However, there are double taxatioo agreements between Austria and other countries under which the for-eign investor does not have to pay any dividend withholding tax.

The profile series continues next week with Athens. **Judy Dempsey**

US\$125,000,000 61/2% Subordinated Convertible Bonds **Due 1997**

Mount Isa Finance N.V.

61/2% Subordinated Bonds Due 1997 unconditionally guaranteed on a subordinated basis by, with non-detachable subordinated conversion bonds issued by, and with conversion rights into ordinary shares of,

M.I.M. Holdings Limited

NOTICE OF ENTITLEMENT ISSUE OF SHARES IN M.I.M. HOLDINGS LIMITED TO THE HOLDERS OF OUTSTANDING CONVERSION BONDS.

NOTICE IS HEREBY GIVEN by M.I.M. Holdings Limited (the "Company") that an offer of shares in the Company is made to the holders of the Company's outstanding US\$125,000,000 Subordinated Conversion Bonds (the "Conversion Bonds") in accordance with the Trust Deed dated

10th June, 1987 constituting the Conversion Bonds.

Holders of outstanding Conversion Bonds are offered one new share for every four ordinary shares that holders would have received had the holder converted the bonds into shares immediately prior to the offer on the basis that each US\$ Conversion Bond entitles conversion into 438 shares in MIM, at an issue price payable in full on application of A\$1.50 for each MIM share. Rights to the issue are non-renounceable in respect of holders of Conversion Bonds.

Copies of the relevant documents sent to MIM shareholders and Entitlement and Acceptance Forms in connection with this offer will be available for collection from August 16, 1988 at (1) the office of Kredietbank S.A. Luxembourgeoise at 43 Boulevard Royal, L-2955, Luxembourg and (2) the office of Kredietbank N.V. at Arenbergstraat 7, B-1000 Brussels, upon presentation to either Conversion Agent of one or more Conversion Bonds having attached election notices bearing the identification "Election Notice No.1".

Completed Entitlement and Acceptance Forms must be lodged with the Company in accordance with the instructions on the form prior to 5.00 p.m. on September 6, 1988 (Eastern Standard Time), after which time this offer shall lapse.

DATED JULY 22, 1988 M.I.M. HOLDINGS LIMITED by D.M. MUNRO, SECRETARY & GENERAL COUNSEL

A\$125,000,000 93/4% Subordinated Convertible Bonds

Mount Isa Finance N.V.

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rrangement. There are no specific regula-The partial privatisation of FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co.

NATIONAL AND REGIONAL MARKETS	WEDNESDAY AUGUST 3 1988					TUESDAY AUGUST 2 1988			DOLLAR INDEX		
Figures in parentheses how number of stocks er grouping	U5 Dollar Index	Oay's Change	Pound Sterling Index	Local Corrency Index	Gross Oiv. Yield	U5 Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (appro
ustralia (89)	147.85	-0.2	128.19	122.19	3.66	148.10	128.40	122.59	150.71	91.16	154.4
ustria 16	86.38	+0.1	74.89	83.97	2.47	86.33	74.85	84.00	98.18	83,72	96.4
leigium (63)	113.85	+0.4	98.71	111.33	4.53	113.43	98.35	111.05	139.89	99.14	126.1
anada 129	124.38	+0.1	107.83	108.30	3.09	124.22	107.70	108,57	128.91	107.06	139.1
enmark 1391	126.42	-0.5	109.61	122.55	2.37	127.09	110.19	123.11	132.72	111.42	113.6
nland (26)	128.78	-0.4	111.65	119.78	1.44	129 34	112.14	120.07	139.53	106.78	ł
rance 129	93.00	-0.2	80.63	92.24	3.51	93.17	80.78	92.44	99.62	72.77	105.2
est Germany (100)	75.55	+0.4	65.50	73.65	2.51	75.24	65.23	73.36	80.79	67.78	100.7
ong Kong (46)	109.42	-0.5	94.57	109.66	4.1S	109.94	95.32	110.18	111.86	84.90	140.9
eland (18)		-04	116.20	131.55	3.62	134.60	116.69	132.07	144.25	104.60	137.
land (16/	73 43	-0.1	63.67	75.85	2.65	73.50	63.72	75.91	81.74	62.99	92
nly (102) pan (456)	- :	-0.4	146.46	141.86	0.50	169.63	147.07	142.50	177.27	133.61	133.
alaysia (361		+0.6	132.70	155.50	2.36	152.18	131.94	154.52	153.47	107.83	186
alaysia Col	157.17	+1.5	136.27	393.19	1.38	154.79	134.20	387.23	180.07	90.07	295.0
exico (13)	106.73	-0.1	92.53	103.03	4.49	106.79	92.58	103.23	110.66	95.23	128.
therland (38)	S1.27	+1.4	70.46	64.85	5.83	80.16	69.50	64.24	84.05	64.42	1123
w Zealand (21)	121.69	+0.1	105.50	112.27	2.68	121.60	205.43	112.15	132.23	98.55	161.
rway (25)	134.63	+0.7	116.72	126.97	2.05	133.63	115.86	125.99	134.63	97.99	165.7
ngapore (261	117.85	+3.7	102 18	89.61	4.73		98.50		139.07	113.61	193.7
THE MILLIES LODY		+0.5		138.71		113.61		91.13			
ain (43)	148.56		129.80		3.26	147.89	128.22	138.09	164.47	130.73	140.6
reden (35)	119.22	+0.1	103.37	113.66	2.51	119.13	103.29	113.49	125.50	96.92	121.5
dr. read and (55)	77.95	+0.5	67.58	75.49	2.27	77.60	67.28	75.15	86.75	75.60	103.0
urad Kinodom (325)	133.32	+0.6	115.59	115.59	4.35	132 55	114.92	114.92	141.18	123.09	149.4
A (581)	111.29	+0.4	96.49	111.29	3.54	110.88	96.14	110.88	112.47	99.19	129.6
	106.15	+0.3	92.03	98.28	3.69	105.78	91.71	97.96	110.82	97.01	123.4
cific Basin (674)	165.75	-0.4	143.71	139.71	0.70	166.41	144.28	140.33	172.26	130.81	134.5
CILIC STRIK (01.4)	141.92	-0.2	123.04	123.22	1.60	142.16	123.25	123,48	147.53	120,36	130.1
	111.99	+0.4	97 09	111.12	3.51	111.59	96.75	110.76	113.29	99.78	130.1
	S9.29	+01	77.42	87.54	3.10	89.17	77.31	87.44	92.99	80.27	107.3
rope Ex. UK (689)	127.55	-ŏ.i l	110 59	112.89	3.82	127.67	110.69	113.13	128.25	\$7.51	146.8
ailia Ev. 12020 (218)	141.08	-ŏ.i l	122.32	122.50	1.68	141.27	122.48	122.77	146.49	120.26	131.3
Jd Fv 115 (12990)	129.15	+0.0	112.00	118.90	2.07	129.22	112.03	119.01	131.77	111.77	128.7
~id Ev. UK (2146)	129.60	+0.0	112.37	115.75	2.26	129.59	112.36	118.80	132.39	113.26	130,2
	110 65	+0.4	95.93	106.70	3.60	110.24	95.58	106.39	112.43	100.00	129.2

Base values: Dec 31, 1966 = 100; Finland: Dec 31, 1987 = 115.037 (US 5 Index), 90.791 (Pound Sterilog) and 94.94 (Local). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Machenzie & Co. Ltd.1987
Latest prices were unavailable for this edition.